

By Paul Lucio

S B. No. 7

A BILL TO BE ENTITLED

AN ACT

relating to public school finance.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

ARTICLE 1.

SECTION 1.01. Section 16.101, Education Code, is amended to read as follows:

Sec. 16.101. BASIC ALLOTMENT. For each student in average daily attendance, not including the time students spend each day in special education or vocational education programs for which an additional allotment is made under Subchapter D of this chapter, a district is entitled to an allotment of \$2,470 [~~\$2,200--for--the 1991-1992--school--year,--\$2,400--for--the--1992-1993--school--year, \$2,600~~] for the 1993-1994 school year[~~7~~] and \$2,570 [~~\$2,800--for--the 1994-1995--school--year--and~~] thereafter, or a greater amount adopted by the foundation school fund budget committee under Section 16.256 of this code [~~for--the--1993-1994--school--year--and--each--school--year thereafter~~]. A greater amount for any school year may be provided by appropriation.

SECTION 1.02. Section 16.252(a), Education Code, is amended to read as follows:

(a) Each county education district's share of the Foundation School Program shall be an amount determined by the following formula:

1
$$LFA = TR \times DPV$$

2 where:

3 "LFA" is the county education district's local share;

4 "TR" is a tax rate which for each hundred dollars of
5 valuation is \$0.90 [~~\$0.72-for-the-1991-1992-school-year, \$0.82--for~~
6 ~~the-1992-1993-school-year, \$0.92-for-the-1993-1994-school-year, and~~
7 ~~\$1.00-for-each-school-year-thereafter~~]; and

8 "DPV" is the taxable value of property in the county
9 education district for the prior tax year determined under Section
10 11.86 of this code.

11 SECTION 1.03. Section 16.009, Education Code, is amended to
12 read as follows:

13 Sec. 16.009. REVENUE LIMIT. (a) An ad valorem tax levied
14 by a school district may not exceed a rate that produces revenue
15 per weighted student in average daily attendance that, if added to
16 revenue per weighted student in average daily attendance the
17 district receives from the county education tax and from the state
18 under tier two as provided by this subchapter, provides total tier
19 one (under Subchapters C and D of this chapter) and tier two school
20 district revenue per weighted student in average daily attendance
21 greater than twice the basic allotment under Section 16.101 of this
22 code or twice the adjusted allotment under Section 16.103 of this
23 code, as applicable.

24 (b) In calculating total revenue under Subsection (a) of
25 this section, a district's transportation allotment under Section
26 16.156 of this code, career ladder allotment under Section 16.158
27 of this code, and technology allotment under Section 14.063 of this

code are not considered.

(c) In this section, the number of weighted students in average daily attendance is calculated in the manner provided by Section 16.302 of this chapter. [The revenue limit is an amount equal to 110 percent of the amount of state and local funds guaranteed under the Foundation School Program per student in weighted average daily attendance to each school district at a total tax rate of \$0.25 per \$100 of taxable value of property as calculated for the 1994-1995 school year.]

[(b) Not later than April 15, the commissioner of education shall estimate the revenue limit for each school district for the current school year and shall certify that amount to each school district.]

[(c) Not later than August 15 of each year the commissioner of education shall determine as nearly as possible for the current school year:

[(1) the total amount of state and local funds per student in weighted average daily attendance available in each school district; and

[(2) the total amount of state and local funds per student in weighted average daily attendance required for debt service in each school district.]

[(d) The commissioner shall determine the total number of students in weighted average daily attendance in school districts in which the amount specified in Subsection (c)(1) of this section, less the amount specified in Subsection (c)(2) of this section, exceeds the revenue limit.]

1 [(e) -- If -- the -- total -- number -- of -- students -- in -- weighted -- average
2 daily -- attendance -- in -- districts -- with -- state -- and -- local -- revenues
3 exceeding the revenue limit equals or exceeds two percent -- of -- the
4 total -- number -- of -- students -- in -- weighted -- average -- daily -- attendance -- for
5 the current school year, no school district may levy -- a -- tax -- at -- a
6 rate -- that -- would -- result -- in -- an -- amount -- of -- state -- and -- local -- funds,
7 excluding funds required for debt service, during the -- next -- school
8 year -- that -- exceeds -- the -- revenue -- limit, except that those districts
9 exceeding the revenue limit may maintain -- during -- the -- next -- school
10 year -- the -- total -- amount -- of -- state -- and -- local -- funds -- per -- student -- in
11 weighted -- average -- daily -- attendance -- for -- the -- current -- school -- year. -- The
12 commissioner shall notify those districts -- in -- which -- revenues -- are
13 subject to the limitation imposed in this subsection.

14 [(f) -- In this section:

15 [(1) -- "Weighted -- student -- in -- average -- daily -- attendance"
16 has the meaning assigned in Section 16-302 of this code.

17 [(2) -- "Taxable -- value -- of -- property" -- has -- the -- meaning
18 assigned in Section 11-86 of this code.]

19 SECTION 1.04. An amendment made by this article to Chapter
20 16, Education Code, prevails over any conflicting amendment or
21 provision in Article 3 of this Act.

22 SECTION 1.05. This article applies beginning with the
23 1993-1994 school year if the constitutional amendment proposed by
24 J.R. No. , 73rd Legislature, Regular Session, takes effect. If
25 that constitutional amendment is not adopted by the voters, this
26 article has no effect.

ARTICLE 2.

SECTION 2.01. Section 16.101, Education Code, is amended to read as follows:

Sec. 16.101. BASIC ALLOTMENT. For each student in average daily attendance, not including the time students spend each day in special education or vocational education programs for which an additional allotment is made under Subchapter D of this chapter, a district is entitled to an allotment of \$2,470 [~~\$2,200--for--the 1991-1992--school--year,--\$2,400--for--the--1992-1993--school--year, \$2,600~~] for the 1993-1994 school year[~~7~~] and \$2,570 [~~\$2,800-for-the 1994-1995-school-year-and~~] thereafter, or a greater amount adopted by the foundation school fund budget committee under Section 16.256 of this code [~~for-the-1993-1994-school-year-and-each-school-year thereafter~~]. A greater amount for any school year may be provided by appropriation.

SECTION 2.02. Section 16.251(b), Education Code, is amended to read as follows:

(b) The program shall be financed by:

(1) ad valorem tax revenue generated by an equalized uniform county education district effort, in the case of school districts included in county education districts authorizing a tax under Section 20.9442 of this code;

(2) ad valorem tax revenue generated by local school district effort instead of or in excess of the equalized uniform county education district effort;

(3) state available school funds distributed in accordance with law; and

1 (4) state funds appropriated for the purposes of
2 public school education and allocated to each district in an amount
3 sufficient to finance the cost of each district's Foundation School
4 Program not covered by other funds specified in this subsection.

5 SECTION 2.03. Section 16.252, Education Code, is amended to
6 read as follows:

7 Sec. 16.252. BASIC GUARANTEED YIELD [~~LOCAL-SHARE-OF-PROGRAM~~
8 ~~COST-TIER-ONE~~]. (a) In this section:

9 (1) "BGY" is the basic guaranteed yield;

10 (2) "BA" is the basic allotment as provided by Section
11 16.101 of this code;

12 (3) "Maximum CEDTR" is the maximum tax rate a county
13 education district may impose under Section 20.9442 of this code,
14 which is \$0.90 per \$100 of valuation of taxable property in the
15 district.

16 (b) To support tier one of the foundation school program,
17 for each student in average daily attendance, a county education
18 district that levies an ad valorem tax is entitled to a basic
19 guaranteed yield for each penny of tax rate per \$100 valuation of
20 taxable property in the district, as determined by the following
21 formula:

22
$$\text{BGY} = \text{BA} / (\text{MAXIMUM CEDTR} \times 100)$$

23 (c) A component school district of a county education
24 district that levies a tax at a rate lower than the maximum county
25 education district tax rate may levy a school district tax at a
26 rate that, when combined with the county education district tax
27 rate, equals the maximum county education district tax rate. The

1 school district is entitled to the basic guaranteed yield for each
2 penny of the school district tax rate per \$100 valuation of taxable
3 property in the district as determined by the following formula:

$$4 \quad \text{BGY} = \text{BA} / (\text{MAXIMUM CEDTR} \times 100)$$

5 (d) To support tier one of the foundation school program,
6 for each student in average daily attendance, a school district
7 that is a component of a county education district that does not
8 levy an ad valorem tax is entitled to a basic guaranteed yield for
9 each penny of the first \$0.90 per \$100 valuation of taxable
10 property in the district, in an amount determined by the following
11 formula:

$$12 \quad \text{BGY} = \text{BA} / (\$0.90 \times 100)$$

13 [~~Each--county--education--district's--share--of--the--Foundation--School~~
14 ~~Program--shall--be--an--amount--determined--by--the--following--formula:~~

$$15 \quad [\text{LFA} = \text{TR} \times \text{BPV}]$$

16 [where:

17 ["LFA" is the county education district's local share;

18 ["TR" is a tax rate which for each hundred dollars of
19 valuation is \$0.72 for the 1991-1992 school year, \$0.82 for the
20 1992-1993 school year, \$0.92 for the 1993-1994 school year, and
21 \$1.00 for each school year thereafter; and

22 ["BPV" is the taxable value of property in the county
23 education district for the prior tax year determined under Section
24 11.86 of this code.]

25 (e) [(b)] The commissioner of education shall adjust the
26 values reported in the official report of the comptroller as
27 required by Section 5.09(a), [Property] Tax Code, to reflect

1 reductions in taxable value of property resulting from natural or
2 economic disaster after January 1 in the year in which the
3 valuations are determined. The decision of the commissioner of
4 education shall be final. An adjustment does not affect the local
5 fund assignment of any other county education district.

6 (f) [~~te~~] Appeals of district values shall be held pursuant
7 to Subsection (e) of Section 11.86 of this code.

8 (g) [~~d~~]~~--A--county--education-district-shall-raise-its-total~~
9 ~~local-share-of-the-foundation-school--program-~~ The funds of a
10 county education district shall be reallocated to the school
11 districts in the county education district in the manner prescribed
12 by Subchapter J of this chapter.

13 (h) [~~te~~] The commissioner of education shall hear appeals
14 from county education districts or school districts which have
15 experienced a rapid decline in tax base used in calculating the
16 basic guaranteed yield [~~local--fund-assignment~~], exceeding eight
17 percent of prior year, that is beyond the control of the board of
18 trustees of the [~~county-education~~] district. The commissioner of
19 education may adjust the [~~county--education~~] district's taxable
20 values for basic guaranteed yield [~~local-fund-assignment~~] purposes
21 for such losses in value exceeding eight percent and thereby adjust
22 the basic guaranteed yield [~~local-fund-assignment~~] to reflect the
23 local current year taxable value. The decision of the commissioner
24 of education shall be final. An adjustment does not affect the
25 basic guaranteed yield [~~local-fund-assignment~~] of any other [~~county~~
26 ~~education~~] district.

27 SECTION 2.04. Sections 16.501(d) and (e), Education Code,

1 are amended to read as follows:

2 (d) If the total amount available for distribution by the
3 county education district exceeds the county education district's
4 basic guaranteed yield [~~local~~-share] under Section 16.252 of this
5 code or limitations under Section 16.009 of this code, the county
6 education district shall retain the excess amount for distribution
7 in succeeding years.

8 (e) If the total amount available for distribution by the
9 county education district is less than the county education
10 district's basic guaranteed yield [~~local~~--share] under Section
11 16.252 of this code, the distributions shall be made under rules
12 adopted by the commissioner of education.

13 SECTION 2.05. Section 16.009, Education Code, is amended to
14 read as follows:

15 Sec. 16.009. REVENUE LIMIT. (a) In this section:

16 (1) "Basic allotment" and "BA" are the basic allotment
17 under Section 16.101 of this code.

18 (2) "GL" is the amount provided by Section 16.302 of
19 this code.

20 (3) "MECR" is a tax rate per \$100 of valuation, which
21 is \$0.40 or a greater amount provided by appropriation.

22 (b) An ad valorem tax levied by a school district that is a
23 component of a county education district that imposes the maximum
24 county education district tax rate authorized under Section 20.9442
25 of this code may not exceed the limits imposed by this subsection.
26 The rate may not exceed the lesser of:

27 (1) the rate that produces revenue per weighted

1 student in average daily attendance that, if added to revenue per
2 weighted student in average daily attendance the district receives
3 from the county education tax and from the state under tier two as
4 provided by this subchapter, provides total tier one (under
5 Subchapters C and D of this chapter) and tier two school district
6 revenue per weighted student in average daily attendance greater
7 than twice the basic allotment under Section 16.101 of this code or
8 twice the adjusted allotment under Section 16.103 of this code, as
9 applicable; or

10 (2) MECR.

11 (c) An ad valorem tax levied by a school district that is a
12 component of a county education district that does not levy an ad
13 valorem tax, or that levies an ad valorem tax at a rate lower than
14 the maximum county education district rate authorized under Section
15 20.9442 of this code, may not exceed the rate that produces total
16 tier one (under Subchapters C and D of this chapter) and tier two
17 school district revenue per weighted student in average daily
18 attendance in an amount greater than:

19 $BA + (GL \times MECR)$

20 (d) In calculating total revenue under this section, a
21 district's transportation allotment under Section 16.156 of this
22 code, career ladder allotment under Section 16.158 of this code,
23 and technology allotment under Section 14.063 of this code are not
24 considered.

25 (e) In this section, the number of weighted students in
26 average daily attendance is calculated in the manner provided by
27 Section 16.302 of this code. [The-revenue-limit-is-an-amount-equal

1 to 110 percent of the amount of state and local funds guaranteed
2 under the Foundation School Program per student in weighted average
3 daily attendance to each school district at a total tax rate of
4 \$0.25 per \$100 of taxable value of property as calculated for the
5 1994-1995 school year.

6 [(b) -- Not later than April 15, the commissioner of education
7 shall estimate the revenue limit for each school district for the
8 current school year and shall certify that amount to each school
9 district.

10 [(c) -- Not later than August 15 of each year the commissioner
11 of education shall determine as nearly as possible for the current
12 school year:

13 [(1) -- the total amount of state and local funds per
14 student in weighted average daily attendance available in each
15 school district; and

16 [(2) -- the total amount of state and local funds per
17 student in weighted average daily attendance required for debt
18 service in each school district.

19 [(d) -- The commissioner shall determine the total number of
20 students in weighted average daily attendance in school districts
21 in which the amount specified in Subsection (c)(1) of this section,
22 less the amount specified in Subsection (c)(2) of this section,
23 exceeds the revenue limit.

24 [(e) -- If the total number of students in weighted average
25 daily attendance in districts with state and local revenues
26 exceeding the revenue limit equals or exceeds two percent of the
27 total number of students in weighted average daily attendance for

1 the-current-school-year, no-school-district-may-levy--a--tax--at--a
2 rate--that--would--result--in--an--amount-of-state-and-local-funds,
3 excluding-funds-required-for-debt-service, during-the--next--school
4 year--that--exceeds--the-revenue-limit, except-that-those-districts
5 exceeding-the-revenue-limit-may-maintain--during--the--next--school
6 year--the--total--amount--of--state--and-local-funds-per-student-in
7 weighted-average-daily-attendance-for-the-current-school-year.--The
8 commissioner-shall-notify-those-districts--in--which--revenues--are
9 subject-to-the-limitation-imposed-in-this-subsection.

10 [(f) --In this section:

11 [(1) --"Weighted--student--in--average-daily-attendance"
12 has-the-meaning-assigned-in-Section-16.302-of-this-code.

13 [(2) --"Taxable--value--of--property"--has--the--meaning
14 assigned-in-Section-11.86-of-this-code.]

15 SECTION 2.06. Section 20.943(a), Education Code, is amended
16 to read as follows:

17 (a) Except as provided by this subsection, a [A] county
18 education district is governed by a board of trustees appointed by
19 the respective boards of trustees of its component school
20 districts. For a county education district that is composed of one
21 component district the board of the component district may provide
22 by resolution that the county education district be governed by the
23 board of trustees of the component district.

24 SECTION 2.07. Subchapter G, Chapter 20, Education Code, is
25 amended by adding Section 20.9442 to read as follows:

26 Sec. 20.9442. TAX AUTHORIZATION ELECTION. (a) Except as
27 provided by Subsection (e) of this section, the board of trustees

1 of each county education district shall order an election to be
2 held on June 19, 1993, to determine whether or not the district
3 shall be authorized to levy a tax at a rate determined by the
4 board. The rate determined by the board may not exceed \$0.90 per
5 \$100 valuation of property in the district.

6 (b) At the tax authorization election the ballot shall be
7 prepared to permit voting for or against the proposition: "The
8 county education district tax of _____ (the amount determined by
9 the board) on the \$100 valuation of property."

10 (c) Each component school district shall conduct the
11 election and deliver the canvass of the vote to the county
12 education district board of trustees. The board of trustees shall
13 conduct a final canvass not later than the second day after the
14 receipt of all school district election returns and prepare a
15 tabulation of the total number of votes received in each school
16 district and the sum of the school district totals. The
17 proposition is approved only if the majority of the votes reflected
18 in the sum of school district totals favors the proposition. The
19 board of trustees shall declare the results and retain the election
20 returns and tabulations for the period for preserving precinct
21 election records.

22 (d) If at the election the majority of the votes are cast
23 against the proposition, the board of trustees may call another
24 election for the same purpose on an authorized election date, as
25 prescribed by Section 41.001, Election Code, occurring after the
26 expiration of 60 days after the date of the prior election.

27 (e) This section does not apply to a county education

1 district composed of only one school district.

2 SECTION 2.08. Section 20.945(a), Education Code, is amended
3 to read as follows:

4 (a) If authorized at an election under Section 20.9442 of
5 this code, the [The] board of trustees of a county education
6 district shall levy a tax for the support of that district's
7 component school districts at the [a] rate authorized [necessary-to
8 collect--its--local--fund--assignment--under-Section-16.252-of-this
9 code] not later than September 1 of each year or as soon thereafter
10 as practicable.

11 SECTION 2.09. Sections 20.946(a), (b), (c), and (f),
12 Education Code, are amended to read as follows:

13 (a) The [Subject--to--Subsection--(f)--of--this-section,--the]
14 voters of a county education district may exempt from ad valorem
15 taxation a percentage of the market value of the residence
16 homestead of a married or unmarried adult, including one living
17 alone, at an election held in the district as provided by this
18 section.

19 (b) The [At--the--first--regular-meeting-of-the-board,--the]
20 board shall order an election to be held on June 19, 1993 [August
21 10, 1991], on the question of exempting from ad valorem taxation by
22 the district a percentage of the market value of a residence
23 homestead in the district. The amount of the exemption shall be
24 the maximum percentage exemption as provided by Article VIII,
25 Section 1-b(e), of the Texas Constitution. [If--the--exemption--is
26 approved,--it--takes--effect--only--if--this--section--remains--in--effect
27 after-August-10, 1991,--under-Subsection--(f)--of--this--section.]

1 (c) If the exemption is not adopted at the 1993 [1991]
2 election and the board subsequently receives a valid petition
3 requesting an election for the purpose of adopting the exemption,
4 the board shall hold another election on the proposition. The
5 petition must be signed by a number of registered voters of the
6 district equal to at least five percent of the registered voters
7 residing in the district and must state the percentage of market
8 value to be exempted. The board shall order the election to be
9 held on an authorized election date, as prescribed by Section
10 41.001, Election Code, occurring not later than 60 days after the
11 date on which the petition is received by the board. If at the
12 election the majority of the votes are cast against the
13 proposition, another election for the same purpose may not be held
14 earlier than the corresponding uniform election date three years
15 after the date of the preceding election ordered under this
16 subsection.

17 (f) This section does not apply to a county education
18 district composed of only one component school district. [remains
19 ~~in--effect--after--August--107--19917--only--if--the--constitutional~~
20 ~~amendment--proposed--by--the--72nd--Legislature7--Regular--Session7~~
21 ~~providing-an-exemption-of-a-percentage-of-the--market--value--of--a~~
22 ~~residence--homestead--from--ad-valorem-taxation-in-county-education~~
23 ~~districts-by-election-of-the-voters7-is-adopted7--If-that-amendment~~
24 ~~is-not-adopted7-this-section-has-no-effect7]~~

25 SECTION 2.10. Section 20.947, Education Code, is amended to
26 read as follows:

27 Sec. 20.947. AUTHORITY OF COMPONENT SCHOOL DISTRICTS. (a)

1 Except as provided by Subsection (b) of this section, the [The]
2 boards of trustees of the component school districts in a county
3 education district retain the authority granted them elsewhere in
4 this code, except the authority to levy that portion of their
5 former taxing authority exercised by the county education district.

6 (b) A school district that is the single component of a
7 county education district retains its authority to tax. Revenue
8 raised by the school district by a tax imposed at a rate of \$0.90
9 per \$100 valuation of taxable property in the district or lower
10 shall be treated as if it were revenue raised by a county education
11 district for Foundation School Program funding purposes.

12 SECTION 2.11. Sections 20.950(a), (b), (c), and (f),
13 Education Code, are amended to read as follows:

14 (a) The [~~Subject--to--Subsection--(f)--of--this--section,--the~~]
15 voters of a county education district may exempt from ad valorem
16 taxation not less than \$3,000 of the appraised value of the
17 residence homestead of an individual who is disabled or is 65 or
18 older at an election held in the district as provided by this
19 section.

20 (b) The [~~At--the--first--regular--meeting--of--the--board,--the~~]
21 board shall order an election to be held on June 19, 1993 [~~August~~
22 ~~10, 1991~~], on the question of exempting from ad valorem taxation by
23 the district an amount of the market value of a residence homestead
24 in the district of an individual who is disabled or is 65 or older.
25 The amount of the exemption for individuals who are disabled and
26 the amount of the exemption for individuals who are 65 or older
27 shall each be \$10,000. [~~If--the--exemption--is--approved,--it--takes~~

1 effect--only--if--this--section--remains-in-effect-after-August-107
2 19917--under-Subsection-(f)-of-this-section.]

3 (c) If the exemption is not adopted at the 1993 [1991]
4 election and the board subsequently receives a valid petition
5 requesting an election for the purpose of adopting the exemption,
6 the board shall hold another election on the proposition. The
7 petition must be signed by a number of registered voters of the
8 district equal to at least five percent of the registered voters
9 residing in the district and must state the amount to be exempted.
10 The board shall order the election to be held on an authorized
11 election date, as prescribed by Section 41.001, Election Code,
12 occurring not later than 60 days after the date on which the
13 petition is received by the board. If at the election the majority
14 of the votes are cast against the proposition, another election for
15 the same purpose may not be held earlier than the corresponding
16 uniform election date three years after the date of the preceding
17 election ordered under this subsection.

18 (f) This section does not apply to a county education
19 district composed of only one school district. [remains-in-effect
20 after--August--107--19917--only--if--the--constitutional--amendment
21 proposed-by-the-72nd-Legislature7--Regular--Session7--providing--an
22 exemption--of--not--less--than--\$3,000--of--the--market--value--of--a
23 residence-homestead-of-an-individual-who-is-disabled-or-who--is--65
24 or--older-from-ad-valorem-taxation-in-county-education-districts-by
25 election-of-the-voters7-is--adopted.---If--that--amendment--is--not
26 adopted7-this-section-has-no-effect.]

27 SECTION 2.12. Sections 20.951(a), (b), (c), and (f),

1 Education Code, are amended to read as follows:

2 (a) The [~~Subject-to-Subsection-(f)--of--this--section,--the~~]
3 voters of a county education district may provide for the taxation
4 of tangible personal property exempt under Section 11.14(a), Tax
5 Code, at an election held in the district as provided by this
6 section.

7 (b) At the first regular meeting of the board, the board
8 shall order an election to be held on June 19, 1993 [~~August-10-~~
9 ~~1991~~], on the question of taxation by the district of tangible
10 personal property exempt under Section 11.14(a), Tax Code. [~~If-the~~
11 ~~proposition--is--approved,--it--takes--effect--only-if-this-section~~
12 ~~remains-in-effect-after-August-10,--1991,--under--Subsection--(f)--of~~
13 ~~this-section.~~]

14 (c) If the proposition is not adopted at the 1993 [~~1991~~]
15 election and the board subsequently receives a valid petition
16 requesting an election for the purpose of providing for the
17 taxation of tangible personal property exempt under Section
18 11.14(a), Tax Code, the board shall hold another election on the
19 proposition. The petition must be signed by a number of registered
20 voters of the district equal to at least five percent of the
21 registered voters residing in the district. The board shall order
22 the election to be held on an authorized election date, as
23 prescribed by Section 41.001, Election Code, occurring not later
24 than 60 days after the date on which the petition is received by
25 the board. If at the election the majority of the votes are cast
26 against the proposition, another election for the same purpose may
27 not be held earlier than the corresponding uniform election date

1 three years after the date of the preceding election ordered under
2 this subsection.

3 (f) This section does not apply to a county education
4 district composed of only one school district. [~~remains-in-effect~~
5 ~~after--August--10,--1991,--only--if--the--constitutional--amendment~~
6 ~~proposed-by-the-72nd-Legislature,--Regular--Session,--providing--for~~
7 ~~the--taxation-of-tangible-personal-property,--except-structures-used~~
8 ~~or-occupied-as-a--residence--or--property--used--or--held--for--the~~
9 ~~production--of-income,--in-county-education-districts-by-election-of~~
10 ~~the-voters-is-adopted.~~]

11 SECTION 2.13. Section 20.948, Education Code, is repealed.

12 SECTION 2.14. An amendment made by this article to Chapter
13 16 or 20, Education Code, prevails over any conflicting amendment
14 or provision in Article 3 of this Act.

15 SECTION 2.15. This article takes effect May 1, 1993, and
16 Sections 2.01-2.05 of this article apply beginning with the
17 1993-1994 school year, if the constitutional amendment proposed by
18 ____J.R. No.____, 73rd Legislature, Regular Session, is not adopted
19 by the voters on that date. If that constitutional amendment is
20 adopted by the voters, this article has no effect.

21 ARTICLE 3.

22 SECTION 3.01. Chapter 16, Education Code, is amended to read
23 as follows:

24 CHAPTER 16. FOUNDATION SCHOOL PROGRAM

25 SUBCHAPTER A. GENERAL PROVISIONS

26 Sec. 16.001. STATE POLICY. (a) It is the policy of the
27 State of Texas that the provision of public education is a state

1 responsibility and that a thorough and efficient system be provided
2 and substantially financed through state revenue sources so that
3 each student enrolled in the public school system shall have access
4 to programs and services that are appropriate to his or her
5 educational needs and that are substantially equal to those
6 available to any similar student, notwithstanding varying local
7 economic factors.

8 (b) The public school finance system of the State of Texas
9 shall adhere to a standard of neutrality which provides for
10 substantially equal access to similar revenue per student at
11 similar tax effort, considering all state and local tax revenues of
12 districts after acknowledging all legitimate student and district
13 cost differences.

14 Sec. 16.002. PURPOSE OF FOUNDATION SCHOOL PROGRAM. (a) The
15 purposes of the Foundation School Program set forth in this chapter
16 are to guarantee that each school district in the state has:

17 (1) adequate resources to provide each eligible
18 student a basic instructional program and facilities suitable to
19 the student's educational needs; and

20 (2) access to a substantially equalized program of
21 financing in excess of basic costs for certain services, as
22 provided by this chapter.

23 (b) The Foundation School Program consists of two tiers to
24 provide for the purposes specified by Subsection (a) of this
25 section. The first tier guarantees sufficient financing for all
26 school districts to provide a basic program of education that meets
27 accreditation and other legal standards. The second tier provides

1 a guaranteed yield system of financing to provide all school
2 districts with substantially equal access to funds to provide an
3 enriched program and additional funds for facilities.

4 Sec. 16.003. STUDENT ELIGIBILITY. (a) A student is
5 entitled to the benefits of the Foundation School Program if he is
6 5 years of age or older and under 21 years of age at the beginning
7 of the scholastic year and has not graduated from high school.

8 (b) A student to whom Subsection (a) of this section does
9 not apply is entitled to the benefits of the Foundation School
10 Program if the student is enrolled in a prekindergarten class under
11 Section 21.136 of this code.

12 (c) The commissioner of education, in consultation with the
13 Commissioner of Human Services, shall monitor and evaluate
14 prekindergarten programs in the State of Texas as to their
15 developmental appropriateness. Furthermore, the commissioner of
16 education, in consultation with the Commissioner of Human Services,
17 shall evaluate the potential for coordination on a statewide basis
18 of prekindergarten programs with government-funded early childhood
19 care and education programs such as child care administered under
20 Chapter 44 of the Human Resources Code and federal Head Start
21 programs. This evaluation shall utilize recommendations contained
22 in the report to the 71st Legislature required by Chapter 717, Acts
23 of the 70th Legislature, Regular Session, 1987. For the purpose of
24 providing cost-effective care for children during the full work day
25 with developmentally appropriate curriculum, the commissioners
26 shall investigate the use of existing child care program sites as
27 prekindergarten sites. Following the evaluation required by this

1 section, the commissioners, in cooperation with school districts
2 and other program administrators, shall integrate programs, staff,
3 and program sites for prekindergarten, child care, and federal Head
4 Start programs to the greatest extent possible.

5 (d) A child may be enrolled in the first grade if he is at
6 least six years of age at the beginning of the scholastic year or
7 has been enrolled in the first grade or has completed kindergarten
8 in the public schools in another state prior to transferring to a
9 Texas public school.

10 Sec. 16.005. ADMINISTRATION OF THE PROGRAM. The
11 commissioner of education, in accordance with the rules of the
12 State Board of Education, shall take such action and require such
13 reports consistent with the terms of this chapter as may be
14 necessary to implement and administer the Foundation School
15 Program.

16 Sec. 16.006. AVERAGE DAILY ATTENDANCE. (a) In this
17 chapter, average daily attendance is determined by the daily
18 attendance as averaged each month of the minimum school year as
19 described under Section 16.052(a) of this code.

20 (b) A school district that experiences a decline of two
21 percent or more in average daily attendance as a result of the
22 closing or reduction in personnel of a military base shall be
23 funded on the basis of the actual average daily attendance of the
24 immediately preceding school year.

25 (c) The commissioner of education shall adjust the average
26 daily attendance of school districts that have a significant
27 percentage of students whose parent or guardian is a migrant

1 worker. For the purposes of this subsection, "migrant worker" has
2 the meaning assigned by Section 21.5515 of this code.

3 (d) The commissioner may adjust the average daily attendance
4 of a school district in which a disaster, flood, extreme weather
5 condition, fuel curtailment, or other calamity has a significant
6 effect on the district's attendance.

7 Sec. 16.007. PUBLIC EDUCATION INFORMATION MANAGEMENT SYSTEM
8 (PEIMS). (a) Each school district and each county education
9 district shall participate in the Public Education Information
10 Management System (PEIMS) and shall provide through that system
11 information required for the administration of this chapter and of
12 other appropriate provisions of this code.

13 (b) Each school district shall use a uniform accounting
14 system adopted by the commissioner of education for the data
15 required to be reported for the Public Education Information
16 Management System.

17 (c) The Central Education Agency shall report annually to
18 the Legislative Education Board the financial status of each county
19 education district. The report shall include the total state and
20 local education revenues for each tier of the Foundation School
21 Program.

22 Sec. 16.008. EQUALIZED FUNDING ELEMENTS. (a) The
23 Legislative Education Board shall adopt rules, subject to
24 appropriate notice and opportunity for public comment, for the
25 calculation for each year of a biennium of the qualified funding
26 elements under Section 16.256(e) of this code necessary to achieve
27 the state policy under Section 16.001 of this code not later than

1 the 1994-1995 school year and for each school year thereafter.

2 (b) Beginning in 1992, not later than October 1 preceding
3 each regular session of the legislature, the board shall report the
4 equalized funding elements to the foundation school fund budget
5 committee, the commissioner of education, and the legislature.

6 [~~Sec. 16.009:--REVENUE--LIMIT.---(a)--The revenue limit is an~~
7 ~~amount equal to 110 percent of the amount of state and local funds~~
8 ~~guaranteed under the Foundation School Program per student in~~
9 ~~weighted average daily attendance to each school district at a~~
10 ~~total tax rate of \$0.25 per \$100 of taxable value of property as~~
11 ~~calculated for the 1994-1995 school year.~~

12 [~~(b)--Not later than April 15, the commissioner of education~~
13 ~~shall estimate the revenue limit for each school district for the~~
14 ~~current school year and shall certify that amount to each school~~
15 ~~district.~~

16 [~~(c)--Not later than August 15 of each year the commissioner~~
17 ~~of education shall determine as nearly as possible for the current~~
18 ~~school year.~~

19 [~~(1)--the total amount of state and local funds per~~
20 ~~student in weighted average daily attendance available in each~~
21 ~~school district; and~~

22 [~~(2)--the total amount of state and local funds per~~
23 ~~student in weighted average daily attendance required for debt~~
24 ~~service in each school district.~~

25 [~~(d)--The commissioner shall determine the total number of~~
26 ~~students in weighted average daily attendance in school districts~~
27 ~~in which the amount specified in Subsection (c)(1) of this section,~~

1 less--the--amount--specified--in-Subsection-(c)(2)-of-this-section,
2 exceeds-the-revenue-limit.

3 [(e) -- If the total number of students in weighted average
4 daily attendance in districts with state and local revenues
5 exceeding the revenue limit equals or exceeds two percent of the
6 total number of students in weighted average daily attendance for
7 the current school year, no school district may levy a tax at a
8 rate that would result in an amount of state and local funds,
9 excluding funds required for debt service, during the next school
10 year that exceeds the revenue limit, except that those districts
11 exceeding the revenue limit may maintain during the next school
12 year the total amount of state and local funds per student in
13 weighted average daily attendance for the current school year. The
14 commissioner shall notify those districts in which revenues are
15 subject to the limitation imposed in this subsection.

16 [(f) -- In this section:

17 [(1) -- "Weighted student in average daily attendance"
18 has the meaning assigned in Section 16.302 of this code.

19 [(2) -- "Taxable value of property" has the meaning
20 assigned in Section 11.86 of this code.]

21 Sec. 16.010. DEFINITION. In this chapter, "school district"
22 does not include a county education district unless expressly
23 included.

24 Sec. 16.011. NOTICE OF YIELDS TO BE PUBLISHED. (a) Not
25 earlier than the 30th day or later than the seventh day before the
26 date of adopting a tax rate for [the years 1991, 1992, 1993, and]
27 1994, a school district shall publish the following notice, using

1 the yields and tax rates certified by the commissioner:

2 "NOTICE OF COMPARABLE TAX RATES AND REVENUES

3 "The legislature has enacted a statute on school funding to
4 comply with a court mandate enforcing the state constitution.
5 Under prior statutes, the tax rate for last year provides _____ per
6 student in state and local revenues. Under this statute, that same
7 rate now provides _____ per student in state and local revenues.

8 "State law [~~only requires a minimum tax rate of _____ for~~
9 ~~county education districts. State law~~] does not require a school
10 district to adopt [~~additional~~] taxes that are in addition to county
11 education district taxes. Neither does state law require a school
12 district to adopt a tax rate that maximizes the receipt of state
13 funds.

14 "The board of trustees of the _____ School District hereby
15 gives notice that it is considering the adoption of a tax rate of
16 _____ that will provide _____ per student in state and local
17 revenues."

18 (b) If a district is required to give public notice of a
19 hearing under Section 26.06, Tax Code, the notice described by
20 Subsection (a) of this section may be included in the required
21 notice under Section 26.06, Tax Code.

22 (c) The notice described by Subsection (a) of this section
23 shall be published in the two newspapers with the largest
24 circulation within the school district unless only one newspaper is
25 in general circulation within the district. The notice may not be
26 smaller than one-quarter page of a standard-size or a tabloid-size
27 newspaper, and the headline must be 18-point or larger type.

1 (d) The notice described by Subsection (a) of this section
2 must also be included in the tax bill or a separate statement
3 accompanying the tax bill.

4 (e) The commissioner shall adopt rules to implement this
5 section.

6 (f) This section expires January 1, 1995.

7 SUBCHAPTER B. REQUIREMENTS FOR DISTRICT PARTICIPATION IN THE
8 FOUNDATION SCHOOL PROGRAM FUND

9 Sec. 16.051. REQUIRED COMPLIANCE. In order to receive
10 financial support from the Foundation School Fund, a school
11 district must comply with the standards set forth in this
12 subchapter.

13 Sec. 16.052. OPERATION OF SCHOOLS; TEACHER PREPARATION AND
14 STAFF DEVELOPMENT. (a) Each school district must provide for not
15 less than 180 days of instruction for students and not less than
16 three days of preparation for teachers for each school year, except
17 as provided in Subsection (c) of this section.

18 (b) Each school district must provide for not less than 20
19 hours of staff development training under guidelines provided by
20 the commissioner of education. The training provided must include
21 technology training and must occur during regular hours of required
22 teacher service. On the request of a teacher, a school district
23 may credit the teacher compensatory time to be applied toward the
24 number of training hours required under this subsection for
25 workshops, conferences, or other professional training that the
26 teacher has attended.

27 (c) The commissioner of education may approve the operation

1 of schools for less than the number of days of instruction and
2 teacher preparation otherwise required when disasters, floods,
3 extreme weather conditions, fuel curtailments, or other calamities
4 have caused the closing of the school.

5 (d) Each school district may reserve three hours of the
6 first preparation day provided each school year under Subsection
7 (a) of this section for faculty staff meetings.

8 Sec. 16.053. ACCREDITATION. Each school district must be
9 accredited by the Central Education Agency.

10 Sec. 16.054. STUDENT/TEACHER RATIOS; CLASS SIZE.

11 (a) Except as provided by Subsection (b) of this section, each
12 school district must employ a sufficient number of certified
13 teachers to maintain an average ratio of not less than one teacher
14 for each 20 students in average daily attendance.

15 (b) A school district may not enroll more than 22 students
16 in a kindergarten, first, second, third, or fourth grade class.
17 This requirement shall not apply during the last 12 weeks of any
18 school year.

19 (c) In determining the number of students to enroll in any
20 class, a district shall consider the subject to be taught, the
21 teaching methodology to be used, and any need for individual
22 instruction.

23 (d) On application of a school district, the commissioner
24 may except the district from the limits in Subsection (b) of this
25 section if the commissioner finds the limits work an undue hardship
26 on the district. An exception expires at the end of the semester
27 for which it is granted, and the commissioner may not grant an

1 exception for more than one semester at a time.

2 (e) The commissioner shall report to the legislature each
3 biennium regarding compliance with this section. The report must
4 include:

5 (1) a statement of the number of school districts
6 granted an exception under Subsection (d) of this section; and

7 (2) an estimate of the total cost incurred by school
8 districts in that biennium in complying with this section.

9 Sec. 16.055. COMPENSATION OF PROFESSIONAL AND
10 PARAPROFESSIONAL PERSONNEL. (a) A school district must pay each
11 employee who is qualified for and employed in a position classified
12 under the Texas Public Education Compensation Plan set forth in
13 Section 16.056 of this chapter not less than the minimum monthly
14 base salary, plus increments for teaching experience, specified for
15 the position.

16 (b) Contracts for personnel shall be made on the basis of a
17 minimum of 10 months' service, which must include the number of
18 days of instruction for students and days of preparation for
19 personnel required by Section 16.052 of this code. The days of
20 preparation required herein shall be conducted by local boards of
21 education under rules and regulations established by the State
22 Board of Education that are consistent with the state accreditation
23 standards for program planning, preparation, and improvement.
24 Personnel employed for more than 10 months shall be paid not less
25 than the minimum monthly base pay plus increments for experience
26 for each month of actual employment. Personnel employed for 11
27 months at pay grades 1-11 must render 202 days of service, and

1 personnel employed for 12 months at pay grades 1-11 must render 220
2 days of service. Personnel employed for 11 months at pay grades
3 12-18 must render 207 days of service, and personnel employed for
4 12 months at pay grades 12-18 must render 226 days of service.
5 However, the number of days of service required by this subsection
6 may be reduced by the commissioner under Section 16.052(c) of this
7 code, and the reduction shall not reduce the total salaries of
8 personnel.

9 (c) Notwithstanding Subsection (b) of this section, a
10 vocational agriculture teacher employed for 12 months shall render
11 226 days of service regardless of pay grade.

12 Sec. 16.056. TEXAS PUBLIC EDUCATION COMPENSATION PLAN.

13 (a) School district personnel who are qualified for and employed
14 in positions described in Subsection (d) of this section shall be
15 paid not less than the monthly base salary, plus increments for
16 teaching experience, set forth in Subsection (c) of this section,
17 or greater amounts provided by appropriation.

18 (b) Each individual shall advance one step per each year of
19 experience until step 10 is reached. For each year, up to a
20 maximum of two years, of work experience required for certification
21 in a vocational field, a vocational teacher who is certified in
22 that field is entitled to salary step credit as if the work
23 experience were teaching experience.

24 (c) SALARY SCHEDULE BY STEPS

| | | | | | | | | | | | |
|----|------|------|------|------|------|------|------|------|------|------|------|
| 25 | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 26 | 1700 | 1814 | 1928 | 2042 | 2156 | 2270 | 2384 | 2498 | 2612 | 2726 | 2840 |

27 (d) The following positions are entitled to the minimum

monthly salary set by Subsection (c) of this section for the number
of annual contract months specified:

| No. | Class Title |
|-------------|--|
| Months Paid | |
| 10 | Nurse, R.N. and/or Bachelor's Degree |
| 10 | Special Education Related Service Personnel (other than Occupational or Physical Therapist), Bachelor's Degree |
| 10 | Teacher, Bachelor's Degree |
| 10 | Vocational Teacher, Bachelor's Degree and/or |
| 11 | Certified in Field |
| 12 | Librarian I, Bachelor's Degree |
| 10 | Visiting Teacher I, Psychological Associate, Bachelor's Degree |
| 10 | Special Education Related Service Personnel (other than Occupational or Physical Therapist), Master's Degree |
| 10 | Teacher, Master's Degree |
| 10 | Vocational Teacher, |

| | | |
|----|----|----------------------------|
| 1 | 11 | Master's Degree |
| 2 | 12 | |
| 3 | 10 | Librarian II, Master's |
| 4 | | Degree |
| 5 | 10 | Physician, M.D. |
| 6 | 10 | Teacher, Bachelor of Laws |
| 7 | | or Doctor of Jurispru- |
| 8 | | dence Degree |
| 9 | 10 | Teacher, Doctor's Degree |
| 10 | 10 | Special Duty Teacher, |
| 11 | | Master's Degree |
| 12 | 10 | Occupational Therapist |
| 13 | 10 | Physical Therapist |
| 14 | 10 | Educational Diagnostician |
| 15 | 10 | Visiting Teacher II, |
| 16 | | Master's Degree |
| 17 | 10 | Counselor I, Psychologist |
| 18 | 10 | School Social Worker |
| 19 | 10 | Supervisor I |
| 20 | 10 | Part-time Principal--11 or |
| 21 | | fewer teachers on campus |
| 22 | 10 | Instructional/Administra- |
| 23 | | tive Officer I |
| 24 | 10 | Assistant Principal--20 or |
| 25 | | more teachers on campus |
| 26 | 10 | Instructional/Administra- |
| 27 | | tive Officer II |

| | | |
|----|----|---------------------------|
| 1 | 11 | Principal--19 or fewer |
| 2 | | teachers on campus |
| 3 | 10 | Instructional/Administra- |
| 4 | | tive Officer III |
| 5 | 11 | Principal--20-49 teachers |
| 6 | | on campus |
| 7 | 11 | Instructional/Administra- |
| 8 | | tive Officer IV |
| 9 | 11 | Principal--50-99 teachers |
| 10 | | on campus |
| 11 | 12 | Principal--100 or more |
| 12 | | teachers on campus |
| 13 | 12 | Instructional/Administra- |
| 14 | | tive Officer V |
| 15 | 12 | Instructional/Administra- |
| 16 | | tive Officer VI |
| 17 | 12 | Superintendent--District |
| 18 | | with 3,000 |
| 19 | | or less ADA |
| 20 | 12 | Instructional/Administra- |
| 21 | | tive Officer VII |
| 22 | 12 | Superintendent--District |
| 23 | | with 3,001-12,500 ADA |
| 24 | 12 | Instructional/Administra- |
| 25 | | tive Officer VIII |
| 26 | 12 | Superintendent--District |
| 27 | | with 12,501-50,000 ADA |

(e) With the approval of the State Board of Education, the commissioner of education may add additional positions and months of service to the Texas Public Education Compensation Plan to reflect curriculum and program changes authorized by law. With the approval of the board, the commissioner shall also develop policies for the implementation and administration of the compensation plan.

(f) Each person employed in the public schools of this state who is an educational aide, teacher trainee, or nondegree teacher or who is assigned to a position classified under the Texas Public Education Compensation Plan must be certified according to the certification requirements or standards for each position as established by rule adopted by the State Board of Education. However, additional certification may not be required of a person holding a valid state license as a speech language pathologist or audiologist. Persons other than those holding such a license may only be employed to render such services if an acceptable licensed applicant is not available.

(g) The State Board of Education shall prescribe the general duties and required preparation and education for educational aides, teacher trainees, and nondegree teachers and for the positions listed in Subsection (d) of this section under the circumstances described therein.

(h) In determining the placement of a teacher on the salary schedule under Subsection (c) of this section, a district shall

1 credit the teacher for each year of experience, whether or not the
2 years are consecutive. Notwithstanding the provision of this
3 subsection, no teacher shall be placed on the salary schedule at a
4 step above the step where the teacher would have been placed had
5 that teacher remained in continuous service.

6 Sec. 16.057. CAREER LADDER SALARY SUPPLEMENT. (a) Except
7 as provided by Subsection (c) of this section, each teacher on
8 level two, three, or four of a career ladder is entitled to the
9 following annual supplement in addition to the minimum salary set
10 by this subchapter:

11 Level 2 \$2,000
12 Level 3 \$4,000
13 Level 4 \$6,000

14 (b) If the district pays more than the state minimum salary
15 prescribed by this subchapter, the teacher is entitled to the
16 career ladder supplement in addition to the amount otherwise paid
17 by the district for the teacher's step.

18 (c) If the allotment under Section 16.158 of this code that
19 is designated for support of the career ladder will not fully fund
20 the supplements under this section:

21 (1) the district may reduce the supplements to not
22 less than the following:

23 Level 2 \$1,500
24 Level 3 \$3,000
25 Level 4 \$4,500

26 or;

27 (2) provide for stricter performance criteria than

1 that provided under Section 13.302 of this code, subject to the
2 approval of the State Board of Education; or

3 (3) take action under both Subdivisions (1) and (2) of
4 this subsection.

5 SUBCHAPTER C. BASIC ENTITLEMENT

6 Sec. 16.101. BASIC ALLOTMENT. For each student in average
7 daily attendance, not including the time students spend each day in
8 special education or vocational education programs for which an
9 additional allotment is made under Subchapter D of this chapter, a
10 district is entitled to an allotment of \$2,470 [~~\$2,200--for--the~~
11 ~~1991-1992--school--year,--\$2,400--for--the--1992-1993--school--year,~~
12 ~~\$2,600]~~ for the 1993-1994 school year[~~7~~] and \$2,570 [~~\$2,800-for-the~~
13 ~~1994-1995-school-year-and]~~ thereafter, or a greater amount adopted
14 by the foundation school fund budget committee under Section 16.256
15 of this code [~~for-the-1993-1994-school-year-and-each-school-year~~
16 ~~thereafter]~~. A greater amount for any school year may be provided
17 by appropriation.

18 Sec. 16.102. COST OF EDUCATION ADJUSTMENT. (a) The basic
19 allotment for each district is adjusted to reflect the geographic
20 variation in known resource costs and costs of education due to
21 factors beyond the control of the school district. Except as
22 provided by this section, the adjustment is that provided under
23 Section 16.206 of this code.

24 (b) The adjustment for the [~~1991-1992-and-1992-~~]1993 school
25 year [~~years~~] is the cost of education index and formula adopted in
26 December 1990 by the foundation school fund budget committee. For
27 the [~~1991-1992-and-1992-~~]1993 school year [~~years~~], the commissioner

1 of education shall recalculate the cost of education index for
2 school districts that are eligible for the adjustment under Section
3 16.103 of this code, excluding from the computation the calculation
4 for the diseconomies of scale component and substituting a value of
5 1.00. This subsection expires September 1, 1993.

6 Sec. 16.103. SMALL DISTRICT ADJUSTMENT. (a) The basic
7 allotment for certain small districts is adjusted in accordance
8 with Subsection [Subsections] (b) [and-(e)] of this section. In
9 this section:

10 (1) "AA" is the district's adjusted allotment per
11 student;

12 (2) "ADA" is the number of students in average daily
13 attendance for which the district is entitled to an allotment under
14 Section 16.101 of this code; and

15 (3) "BA [ABA]" is the [adjusted] basic allotment
16 determined under Section 16.101 [16.102] of this code.

17 (b) The basic allotment [average--daily--attendance] of a
18 school district that contains at least 300 square miles and has not
19 more than 1,600 students in average daily attendance is adjusted by
20 applying the formula:

21
$$AA = (1 + ((1,600 - ADA) \times .0004)) \times \underline{BA} [ABA]$$

22 [(c)--The--average-daily-attendance-of-a-school-district-that
23 contains-less-than-300-square-miles-and-has--not--more--than--1,600
24 students--in--average--daily-attendance-is-adjusted-by-applying-the
25 formula:

26
$$[AA--\{1+-\{1,600---ADA\}-X-.00025\}]-X-ABA$$

27 [(e)--This-section-expires-September-17-1993.]

1 Sec. 16.1031. USE OF SMALL DISTRICT ADJUSTMENT IN
2 CALCULATING SPECIAL ALLOTMENTS. In determining the amount of a
3 special allotment under Subchapter D of this chapter for a district
4 to which Section 16.103 of this code applies, a district's adjusted
5 basic allotment is considered to be the district's adjusted
6 allotment determined under Section 16.103. [~~This--section--expires~~
7 ~~September-17-1993-~~]

8 Sec. 16.104. SPARSITY ADJUSTMENT. Notwithstanding Sections
9 16.101[~~7-16-1027~~] and 16.103 of this code, a school district that
10 has fewer than 130 students in average daily attendance shall be
11 provided an adjusted basic allotment on the basis of 130 average
12 daily attendance if it offers a kindergarten through grade 12
13 program and has prior or current year's average daily attendance of
14 at least 90 students or is 30 miles or more by bus route from the
15 nearest high school district. A district offering a kindergarten
16 through grade 8 program whose prior or current year's average daily
17 attendance was at least 50 students or which is 30 miles or more by
18 bus route from the nearest high school district shall be provided
19 an adjusted basic allotment on the basis of 75 average daily
20 attendance. An average daily attendance of 60 students shall be
21 the basis of providing the adjusted basic allotment if a district
22 offers a kindergarten through grade 6 program and has prior or
23 current year's average daily attendance of at least 40 students or
24 is 30 miles or more by bus route from the nearest high school
25 district. [~~This-section-expires-September-17-1993-~~]

26 SUBCHAPTER D. SPECIAL ALLOTMENTS

27 Sec. 16.151. SPECIAL EDUCATION. (a) For each [~~full-time~~

equivalent] student in average daily attendance in a special education program under Subchapter N, Chapter 21, of this code, a district is entitled to an annual allotment equal to the adjusted basic allotment multiplied by a weight determined according to instructional arrangement as follows:

| | |
|---|-------------|
| Combined Arrangement | 1.80 |
| Homebound | 2.77 [5-0] |
| Hospital class | 2.53 [5-0] |
| Speech therapy | 1.17 [7-11] |
| [Resource-room-.....] | 2.7 |
| [Self-contained, mild-and-moderate, | |
| regular-campus-.....] | 2.3 |
| [Self-contained, severe, regular | |
| campus-.....] | 3.5 |
| [Self-contained, separate-campus-.....] | 2.7 |
| Multidistrict class | 3.40 [3-5] |
| Nonpublic day school | 1.70 [3-5] |
| [Vocational-adjustment-class-.....] | 2.3 |
| Community class | 3.40 [3-5] |
| [Mainstream-.....] | 0.25 |

(b) A special instructional arrangement for handicapped students residing in care and treatment facilities, other than state schools, whose parents or guardians do not reside in the district providing education services shall be established under the rules of the State Board of Education. The funding weight for this arrangement shall be 5.0 for those students who receive their education service on a local school district campus. A special

1 instructional arrangement for handicapped students residing in
2 state schools shall be established under the rules of the State
3 Board of Education with a funding weight of 5.0.

4 (c) The combined arrangement to which a weight is assigned
5 under Subsection (a) of this section includes resource room, three
6 levels of self-contained, mainstream, and vocational adjustment
7 arrangements.

8 (e) The State Board of Education by rule shall prescribe the
9 qualifications an instructional arrangement must meet in order to
10 be funded as a particular instructional arrangement under this
11 section.

12 [~~(f)---In--this--section,--"full-time-equivalent-student"--means~~
13 ~~30-hours-of-contact-a-week-between-a-special-education-student--and~~
14 ~~special-education-program-personnel;]~~

15 (g) The State Board of Education shall adopt rules and
16 procedures governing contracts for residential placement of special
17 education students. The legislature shall provide by appropriation
18 for the state's share of the costs of those placements.

19 (h) Funds allocated under this section, other than an
20 indirect cost allotment established under State Board of Education
21 rule, must be used in the special education program under
22 Subchapter N, Chapter 21, of this code.

23 (i) In the determination of instructional arrangements for
24 students in residential instructional arrangements, the State Board
25 of Education shall develop arrangements that encourage placement of
26 students in the least restrictive environment appropriate for their
27 educational needs.

1 (j) The Central Education Agency shall encourage the
2 placement of students in special education programs in the least
3 restrictive environment appropriate for their educational needs.
4 The Central Education Agency shall provide transitional support for
5 the movement of students from self-contained severe (totally
6 self-contained) to self-contained mild and moderate (partially
7 self-contained) instructional arrangements. For each student
8 placed in a partially self-contained classroom who was placed in a
9 totally self-contained classroom for at least two-thirds of the
10 prior year, a district will receive \$2,500. This payment must be
11 used to facilitate the placement of the student in the less
12 restrictive environment (partially self-contained classroom). A
13 district may not receive more than one support payment for any
14 individual student. This support payment shall be forfeited by the
15 district if the student is returned to the totally self-contained
16 classroom instructional arrangement within one month of placement
17 into the partially self-contained classroom or within one year of
18 initial reclassification without adequate justification.

19 (k) A school district that maintains for two successive
20 years a ratio of [~~full-time-equivalent~~] students placed in totally
21 self-contained classrooms to the number of [~~full-time-equivalent~~]
22 students placed in partially self-contained classrooms that is 25
23 percent higher than the statewide average ratio shall be reviewed
24 by the Central Education Agency to determine the appropriateness of
25 student placement. To the extent that there are net cost savings
26 to the state resulting from the movement of students from totally
27 self-contained to partially self-contained, as provided in

1 Subsection (j) of this section, those net savings will be directed
2 to regional education service centers to provide technical
3 assistance in accordance with Section 11.33(c) of this code
4 regarding the movement of students to less restrictive environments
5 to those school districts whose ratio of full-time equivalent
6 students placed in totally self-contained classrooms is 25 percent
7 higher than the statewide average.

8 (1) A student in a mainstream instructional arrangement who
9 is not also in another instructional arrangement as provided in
10 Subsection (a) of this section is provided the support necessary
11 for the student to remain in the regular classroom. This support
12 may include related services as defined in Section 21.502 of this
13 code, special teaching, or other special education support services
14 while in the regular classroom.

15 Sec. 16.152. COMPENSATORY EDUCATION ALLOTMENT. (a) For
16 each student who is educationally disadvantaged or who is a
17 nonhandicapped student residing in a residential placement facility
18 in a district in which the student's parent or legal guardian does
19 not reside, a district is entitled to an annual allotment equal to
20 the adjusted basic allotment multiplied by 0.2, and by 2.41 for
21 each full-time equivalent student who is in a remedial and support
22 program under Section 21.557 of this code because the student is
23 pregnant.

24 (b) For purposes of this section, the number of
25 educationally disadvantaged students is determined by averaging the
26 best six months' enrollment in the national school lunch program of
27 free or reduced-price lunches for the preceding school year.

1 (c) Funds allocated under this section, other than an
2 indirect cost allotment established under State Board of Education
3 rule, which shall not exceed 15 percent, must be used in providing
4 remedial and compensatory education programs under Section 21.557
5 of this code, and the district must account for the expenditure of
6 state funds by program and by campus. Funds allocated under this
7 section, other than the indirect cost allotment, shall only be
8 expended to improve and enhance programs and services funded under
9 the regular education program.

10 (d) The Central Education Agency shall evaluate the
11 effectiveness of remedial and support programs provided under
12 Section 21.557 of this code for students at risk of dropping out of
13 school.

14 (e) A school district in which the actual dropout rate in
15 any school year exceeds the state's dropout rate goal for that year
16 under Subsection (a) of Section 11.205 of this code shall, for the
17 school year immediately following that school year, allocate a
18 percentage of the district's allotment under this section to
19 remedial and support programs under Section 21.557 of this code for
20 students at risk of dropping out of school. The percentage
21 allocated to those programs must be at least equal to the state's
22 actual dropout rate for the preceding year. The programs must be
23 programs authorized by the State Board of Education. The Central
24 Education Agency shall provide to the district technical assistance
25 in reducing the district's dropout rate. At the request of a
26 district, the commissioner of education may exempt the district
27 from the requirements of this section if the commissioner finds

1 that special circumstances in the district merit the exemption.

2 (f) The commissioner of education may:

3 (1) retain a portion of the total amount allotted
4 under Subsection (a) of this section that the commissioner
5 considers appropriate to finance pilot programs under Section
6 11.191 of this code and to finance intensive remedial instruction
7 programs and study guides provided under Sections 21.552(b) and (c)
8 of this code; and

9 (2) reduce each district's allotment proportionately.

10 (g) From the total amount of funds appropriated for
11 allotments under this section, the commissioner of education shall,
12 each fiscal year, withhold the amount of \$10,000,000 and distribute
13 that amount for programs under Section 21.114 of this code. The
14 program established under that section is required only in school
15 districts in which the program is financed by funds distributed
16 under this section and any other funds available for the program.

17 (h) The commissioner of education shall coordinate the funds
18 withheld under Subsection (g) of this section and any other funds
19 available for the program and shall distribute those funds. To
20 receive funds for the program, a school district must apply to the
21 commissioner. The commissioner shall give a preference to the
22 districts that apply that have the highest concentration of
23 students who are pregnant or who are parents.

24 (i) The commissioner of education shall withhold funds
25 allocated under this section to a district that fails to timely
26 prepare or make available on request of a member of the general
27 public the report required under Section 21.557(i) of this code.

1 The commissioner may restore withheld funds only when the
2 commissioner is satisfied that the district has provided the
3 information requested.

4 (j) [~~(i)~~] After deducting the amount withheld under
5 Subsection (g) of this section from the total amount appropriated
6 for the allotment under Subsection (a) of this section, the
7 commissioner of education shall reduce each district's allotment
8 under Subsection (a) proportionately and shall allocate funds to
9 each district accordingly.

10 (k) [~~(j)~~] From the total amount of funds appropriated for
11 allotments under this section, the commissioner of education shall,
12 each fiscal year, withhold the amount of \$5,000,000 and distribute
13 that amount for programs under Subchapter V, Chapter 21, of this
14 code. A program established under that subchapter is required only
15 in school districts in which the program is financed by funds
16 distributed under this section or other funds distributed by the
17 commissioner for a program under that subchapter.

18 (l) [~~(k)~~] The commissioner of education shall coordinate the
19 funds withheld under Subsection (k) [~~(j)~~] of this section and any
20 other funds available for the program and shall distribute those
21 funds. To receive funds for the program, a school district must
22 apply to the commissioner. The commissioner shall give a
23 preference to the districts that apply that have the highest
24 concentration of at-risk students. For each school year that a
25 school district receives funds under this section, the district
26 shall allocate an amount of local funds for school guidance and
27 counseling programs that is equal to or greater than the amount of

1 local funds that the school district allocated for that purpose
2 during the preceding school year.

3 (m) [~~l~~] After deducting the amount withheld under
4 Subsection (k) [~~j~~] of this section from the total amount
5 appropriated for the allotment under Subsection (a) of this
6 section, the commissioner of education shall reduce each district's
7 allotment under Subsection (a) on a per pupil basis.

8 Sec. 16.153. BILINGUAL EDUCATION ALLOTMENT. (a) For each
9 student in average daily attendance in a bilingual education or
10 special language program under Subchapter L, Chapter 21, of this
11 code, a district is entitled to an annual allotment equal to the
12 adjusted basic allotment multiplied by 0.1.

13 (b) Funds allocated under this section, other than an
14 indirect cost allotment established under State Board of Education
15 rule, must be used in providing bilingual education or special
16 language programs under Subchapter L, Chapter 21, of this code.

17 (c) A district's bilingual education or special language
18 allocation may be used only for program and pupil evaluation,
19 instructional materials and equipment, staff development,
20 supplemental staff expenses, salary supplements for teachers, and
21 other supplies required for quality instruction and smaller class
22 size.

23 Sec. 16.155. VOCATIONAL EDUCATION ALLOTMENT. (a) For each
24 full-time equivalent student in average daily attendance in an
25 approved vocational education program in grades nine through 12 or
26 in vocational education for the handicapped programs in grades
27 seven through 12, a district is entitled to an annual allotment

1 equal to the adjusted basic allotment multiplied by a weight of
2 1.37.

3 (b) In this section, "full-time equivalent student" means 30
4 hours of contact a week between a student and vocational education
5 program personnel.

6 (c) Funds allocated under this section, other than an
7 indirect cost allotment established under State Board of Education
8 rule, must be used in providing vocational education programs in
9 grades nine through 12 or vocational education for the handicapped
10 programs in grades seven through 12 under the provisions of
11 Sections 21.111, 21.1111, and 21.112 of this code.

12 (d) The indirect cost allotment established under board
13 rules shall first be effective for the 1991-1992 school year
14 consistent with the weight effective that year.

15 (e) The commissioner shall conduct a cost-benefit comparison
16 between vocational education programs and mathematics and science
17 programs.

18 (f) ~~[(h)]~~ Out of the total statewide allotment for
19 vocational education under this section, the commissioner of
20 education shall set aside an amount specified in the General
21 Appropriations Act, which may not exceed an amount equal to one
22 percent of the total amount appropriated, to support regional
23 vocational education planning committees established under Section
24 21.115(b) of this code. After deducting the amount set aside under
25 this subsection from the total amount appropriated for vocational
26 education under this section, the commissioner shall reduce each
27 district's allotment in the same manner described for a reduction

1 in state funds under Section 16.254(d) of this code.

2 Sec. 16.156. TRANSPORTATION ALLOTMENT. (a) Each district
3 or county operating a transportation system is entitled to
4 allotments for transportation costs as provided by this section.

5 (b) As used in this section:

6 (1) "Regular eligible pupil" means a pupil who resides
7 two or more miles from his or her campus of regular attendance,
8 measured along the shortest route that may be traveled on public
9 roads, and who is not classified as an eligible handicapped pupil.

10 (2) "Eligible handicapped pupil" means a pupil who is
11 handicapped as defined in Section 21.503 of this code and who would
12 be unable to attend classes without special transportation
13 services.

14 (3) "Linear density" means the average number of
15 regular eligible pupils transported daily, divided by the approved
16 daily route miles traveled by the respective transportation system.

17 (c) Each district or county operating a regular
18 transportation system is entitled to an allotment based on the
19 daily cost per regular eligible pupil of operating and maintaining
20 the regular transportation system and the linear density of that
21 system. In determining the cost, the commissioner shall give
22 consideration to factors affecting the actual cost of providing
23 these transportation services in each district or county. The
24 average actual cost is to be computed by the commissioner of
25 education and included for consideration by the Foundation School
26 Fund Budget Committee and the legislature in the General
27 Appropriations Act. The allotment per mile of approved route may

1 not exceed the amount set by appropriation.

2 (d) A district or county may apply for and on approval of
3 the commissioner of education receive an additional amount of up to
4 10 percent of its regular transportation allotment to be used for
5 the transportation of children living within two miles of the
6 school they attend who would be subject to hazardous traffic
7 conditions if they walked to school. Each board of trustees shall
8 provide to the commissioner the definition of hazardous conditions
9 applicable to that district and shall identify the specific
10 hazardous areas for which the allocation is requested. A hazardous
11 condition exists where no walkway is provided and children must
12 walk along or cross a freeway or expressway, an underpass, an
13 overpass or a bridge, an uncontrolled major traffic artery, an
14 industrial or commercial area, or another comparable condition.

15 (e) The state commissioner of education may grant an amount
16 set by appropriation for private or commercial transportation for
17 eligible pupils from isolated areas. The need for this type of
18 transportation grant shall be determined on an individual basis and
19 the amount granted shall not exceed the actual cost. The grants
20 shall be made only in extreme hardship cases, and no grants shall
21 be made if the pupils live within two miles of an approved school
22 bus route.

23 (f) The cost of transporting vocational education students
24 from one campus to another inside a district or from a sending
25 district to another secondary public school for a vocational
26 program or an area vocational school or to an approved
27 post-secondary institution under a contract for instruction

1 approved by the Central Education Agency shall be reimbursed based
2 on the number of actual miles traveled times the district's
3 official extracurricular travel per mile rate as set by their local
4 board of trustees and approved by the Central Education Agency.

5 (g) A school district or county that provides special
6 transportation services for eligible handicapped pupils is entitled
7 to a state allocation paid on a previous year's cost-per-mile
8 basis. The maximum rate per mile allowable shall be set by
9 appropriation based on data gathered from the first year of each
10 preceding biennium. Districts may use a portion of their support
11 allocation to pay transportation costs, if necessary. The
12 commissioner of education may grant an amount set by appropriation
13 for private transportation to reimburse parents or their agents for
14 transporting eligible handicapped pupils. The mileage allowed
15 shall be computed along the shortest public road from the pupil's
16 home to school and back, morning and afternoon. The need for this
17 type transportation shall be determined on an individual basis and
18 shall be approved only in extreme hardship cases.

19 (h) The allocation for eligible regular students transported
20 by the regular transportation system shall be increased by five
21 percent for any district or county school board which has complied
22 with the provisions of Section 21.173 of this code in accordance
23 with rules adopted by the State Board of Education.

24 (i) Funds allotted under this section must be used in
25 providing transportation services.

26 (j) In the case of a district belonging to a county
27 transportation system, the district's transportation allotment for

1 purposes of determining a district's foundation school program
2 allocations shall be determined on the basis of the number of
3 approved daily route miles in the district multiplied by the
4 allotment per mile to which the county transportation system is
5 entitled.

6 Sec. 16.158. CAREER LADDER ALLOTMENT. (a) Each district is
7 entitled to an allotment for support of the career ladder equal to
8 its unadjusted average daily attendance multiplied by \$90.

9 (b) An allotment under this section may be used only for the
10 purposes of career ladder supplements.

11 (c) From the funds designated for that purpose, the district
12 shall supplement the salary of each teacher above level one on the
13 career ladder. The district shall decide the amount of supplement
14 to be provided at each career ladder level.

15 (d) Money received under this section may not be used to
16 supplement the salary of an employee for directing cocurricular or
17 extracurricular activities.

18 Sec. 16.159. GIFTED AND TALENTED STUDENT ALLOTMENT.

19 (a) For each student a school district serves in a Central
20 Education Agency approved program for gifted and talented students
21 under Subchapter Q, Chapter 21, of this code or, in the case of a
22 district that is developing a program in accordance with standards
23 established by the commissioner of education, for each student the
24 district identifies as gifted and talented under State Board of
25 Education criteria, a district is entitled to an annual allotment
26 equal to the district's adjusted basic allotment as determined
27 under Section 16.102 or Section 16.103 of this code, as applicable,

1 multiplied by .12 for each school year or a greater amount provided
2 by appropriation.

3 (b) Funds allocated under this section, other than the
4 amount that represents the program's share of general
5 administrative costs, must be used in providing approved programs
6 for gifted and talented students under Subchapter Q, Chapter 21, of
7 this code or, in the case of a district that has not yet
8 established a program, in developing programs for gifted and
9 talented students. Each district must account for the expenditure
10 of state funds as provided by rule of the State Board of Education.
11 If by the end of the 12th month after receiving an allotment for
12 developing a program a district has failed to implement an approved
13 program, the district must refund the amount of the allotment to
14 the agency within 30 days.

15 (c) Not more than five percent of a district's students in
16 average daily attendance are eligible for funding under this
17 section.

18 (d) If the amount of state funds for which school districts
19 are eligible under this section exceeds the amount of state funds
20 appropriated in any year for the programs, the commissioner of
21 education shall reduce each district's allotment on a pro rata
22 basis.

23 (e) If the total amount of funds allotted under this section
24 before a date set by rule of the State Board of Education is less
25 than the total amount appropriated for a school year, the
26 commissioner shall distribute the remainder proportionately to the
27 districts that have received an allotment, and no other districts

1 are eligible for an allotment for that school year.

2 (f) After each district has received allotted funds for this
3 program, the State Board of Education may use up to \$500,000 of the
4 funds allocated under this section for programs such as Future
5 Problem Solving Olympics of the Mind, and Academic Decathlon, as
6 long as these funds are used to train personnel and provide program
7 services. To be eligible for funding under this section, a program
8 must be determined by the State Board of Education to provide
9 services that are effective and consistent with the state plan for
10 gifted and talented education.

11 Sec. 16.160. TECHNOLOGY FUNDS. (a) Developmental and
12 technology allotment allocations under the provisions of Chapter 14
13 are included in the Foundation School Program.

14 (b) Each district shall be allotted the amount specified in
15 Section 14.063 of this code after deductions by the commissioner of
16 education for the purposes of financing programs authorized under
17 Subchapter C, Chapter 14, of this code.

18 SUBCHAPTER F. ACCOUNTABLE COSTS OF EDUCATION

19 Sec. 16.201. PURPOSE. The accountable costs of education
20 studies are designed to support the development of the equalized
21 funding elements necessary to provide an efficient state and local
22 public school finance system which meets the state policy
23 established in Section 16.001 of this code and provides the
24 research basis for the equalized funding elements under the
25 provisions of Section 16.256 of this code.

26 Sec. 16.202. STUDIES. On a biennial basis, the Legislative
27 Education Board and the Legislative Budget Board, with the

1 assistance of the Educational Economic Policy Center and the
2 Central Education Agency, shall complete each of the following
3 studies and develop recommended amounts where appropriate for each
4 year of the next biennium:

5 (1) a study of the fiscal neutrality of the system to
6 determine the status of the state and local finance system with
7 regard to the policies established under the provisions of Section
8 16.001 of this code, including recommendations for adjustments
9 necessary to maintain fiscal neutrality;

10 (2) the accountable costs per student to school
11 districts of providing educational programs, personnel, and other
12 operating costs that meet accreditation criteria and the provisions
13 of law and regulation;

14 (3) program cost differentials designed by program to
15 provide support for the added expense of high-cost courses or
16 programs for students participating in such courses or programs,
17 with the program funding level expressed as dollar amounts and as
18 weights applied to the adjusted basic allotment for the appropriate
19 year;

20 (4) transportation and career ladder allotments;

21 (5) the levels of tax effort necessary for each tier
22 of the Foundation School Program necessary to fulfill the
23 requirements of Sections 16.001 and 16.008 of this code; and

24 (6) capital outlay and debt service requirements and
25 formula elements for the requirements of Subchapter I of this
26 chapter or other provisions of this chapter.

27 Sec. 16.203. PROCEDURES. The program cost differentials

1 developed jointly by the Legislative Education Board and the
2 Legislative Budget Board shall be submitted to the foundation
3 school fund budget committee for adoption beginning with the
4 1993-1994 school year. If the foundation school fund budget
5 committee fails to adopt by April 1 the program cost differentials
6 for the following school year, the commissioner of education, after
7 considering the recommendations developed by those boards, shall
8 adopt program cost differentials.

9 (b) The commissioner of education shall provide appropriate
10 assistance to the boards for the calculation of the various funding
11 elements. Subject to review by the Legislative Education Board,
12 the commissioner of education shall retain from the allotments
13 under Sections 16.102 and 16.103 of this code and Subchapter D of
14 this chapter amounts appropriate to finance necessary additional
15 costs for the studies required under this subchapter.

16 (c) The boards may appoint advisory committees to assist in
17 the development of the various funding elements and studies
18 required under this subchapter. Advisory committee members serve
19 without compensation but are entitled to reimbursement for actual
20 and necessary expenses incurred in the performance of their duties.
21 Reimbursement shall be from funds available under Subsection (b) of
22 this section or from other funds available to the boards.

23 (d) In the studies relating to program cost differentials
24 the boards shall give special consideration to cost factors
25 associated with class size, laboratory expenses, materials,
26 equipment, teacher training, necessary salary supplementation, and
27 special services related to individual courses or groups of

1 courses.

2 Sec. 16.204. NAVAL MILITARY FACILITY IMPACT. (a) The model
3 on which a cost of education index is based must specifically
4 consider the impact of a significant new naval military facility on
5 each district in an impacted region.

6 (b) If the construction or operation of a significant new
7 naval military facility begins during a school year, the
8 Legislative Education Board and the Legislative Budget Board shall
9 recommend the adjustment of the basic allotment during that school
10 year to consider any impact of the facility on the cost of
11 education index of the districts in the impacted region.

12 (c) In this section, "significant new naval military
13 facility" and "impacted region" have the meanings assigned by
14 Section 4, Article 1, National Defense Impacted Region Assistance
15 Act of 1985 (Article 689a-4d, Vernon's Texas Civil Statutes).

16 (d) This section expires September 1, 1993.

17 Sec. 16.205. EFFICIENCY IN ADMINISTRATION REPORT. (a) The
18 commissioner of education shall conduct a study to determine the
19 most appropriate and efficient method for reporting and monitoring
20 the allocation of resources by school districts.

21 (b) The study shall identify the most effective means for
22 calculating, monitoring, and reporting the proportion of resources
23 that school districts allocate for their administrative costs and
24 shall include administrator-teacher ratios.

25 (c) The study shall include a description of average
26 efficient administrative expenditures by districts with
27 consideration of district size and demographics.

1 (d) Prior to the beginning of each regular session of the
2 legislature, the agency shall provide a report with recommendations
3 to the Legislative Education Board and the legislature.

4 (e) The study is an element of the study of accountable
5 costs of education under this subchapter.

6 [Sec.--16.206.--COST---ADJUSTMENTS.-----{a}--The---lieutenant
7 governor-shall-appoint-five-members-of-the-senate-and--the--speaker
8 of--the--house-of-representatives-shall-appoint-five-members-of-the
9 house-to-a-committee--to--conduct--a--study--of--certain--costs--of
10 providing--public--education--as--provided--by--this--section.--The
11 lieutenant-governor-and-the-speaker-shall-make-the-appointments-not
12 later-than-September-17-1991.

13 [{b}--The-committee-shall-examine-methods--of--adjusting--for
14 specific--resource--cost--variations--caused--by-factors-beyond-the
15 control--of--school--districts.---The--committee--shall---recommend
16 adjustments--for-these-factors-that-will-provide-the-most-efficient
17 service-delivery--considering--optimum--district--size,--enrollment
18 growth,--and-other-cost-factors.---For-the-purpose-of-the-study,--the
19 committee-shall-divide-districts-and-campus--into--a--variety--of
20 categories---that---may---include---region,--size,--area,--density,
21 educational-characteristics,--and-economic-conditions.

22 [{c}--The-committee-may-appoint-one-or-more--advisory--panels
23 to--assist--the--committee-in-conducting-the-study.---Advisory-panel
24 members--serve---without---compensation---but---are---entitled---to
25 reimbursement--for--actual--and--necessary-expenses-incurred-in-the
26 performance-of-their-duties.

27 [{d}--The--committee--shall--recommend--adjustments--to---the

1 Foundation--School--Program--for--resource--cost--variations--caused--by
2 factors--beyond--the--control--of--school--districts--to--the--foundation
3 school--fund--budget--committee--not--later--than--June--17--1992.--The
4 adjustments--shall--include:

5 [(1)--an--adjustment--to--account--for--fast--enrollment
6 growth--and--other--factors--relevant--to--a--district's--need--for
7 facilities;-and

8 [(2)--appropriate---treatment--of--the--calculation--of
9 weighted--students--under--Section--16.302--of--this--code.

10 [(e)--The--foundation--school--fund--budget--committee--by--rule
11 shall--adopt--adjustments--to--the--Foundation--School--Program--for
12 resource--cost--variations--beyond--the--control--of--school--districts--to
13 apply--beginning--with--the--1993-1994--school--year.--The--foundation
14 school--fund--budget--committee--shall--report--the--adjustments--adopted
15 to--the--legislature--and--the--commissioner--of--education.--If--the
16 foundation--school--fund--budget--committee--fails--to--adopt---the
17 adjustments--by--November--17--1992,-the--commissioner--of--education--by
18 rule--shall--adopt--adjustments--not--later--than--December--17--1992.

19 [(f)--The--rules--adopted--under--this--section--apply--beginning
20 with--the--1993-1994--school--year.--If--no--rules--are--adopted--under--this
21 section,-the--basic--allotment--calculated--under--Sections--16.008--and
22 16.256(e)--of--this--code--shall--be--increased--to--reflect--the--costs
23 associated--with--the--adjustments--made--by--the--cost--of--education--index
24 and--formula--for--the--1992-1993--school--year.]

25 SUBCHAPTER G. FINANCING THE PROGRAM

26 Sec. 16.251. FINANCING; GENERAL RULE. (a) The sum of the
27 basic allotment under Subchapter C, the special allotments under

1 Subchapter D, and the guaranteed yield allotments under Subchapter
2 H, computed in accordance with the provisions of this chapter,
3 constitute the total cost of the Foundation School Program.

4 (b) The program shall be financed by:

5 (1) ad valorem tax revenue generated by an equalized
6 uniform county education district effort;

7 (2) ad valorem tax revenue generated by local school
8 district effort in excess of the equalized uniform county education
9 district effort;

10 (3) state available school funds distributed in
11 accordance with law; and

12 (4) state funds appropriated for the purposes of
13 public school education and allocated to each district in an amount
14 sufficient to finance the cost of each district's Foundation School
15 Program not covered by other funds specified in this subsection.

16 (c) The commissioner of education shall compute for each
17 school district the total amount, if any, by which the district's
18 total revenue is reduced from one school year to the next because
19 of a change in the method of finance under this chapter. The
20 commissioner shall certify the amount of the reduction to the
21 school district for use in determining the school district's
22 rollback rate under Section 26.08, Tax Code.

23 Sec. 16.252. LOCAL SHARE OF PROGRAM COST (TIER ONE).

24 (a) Each county education district's share of the Foundation
25 School Program shall be an amount determined by the following
26 formula:

$$\text{LFA} = \text{TR} \times \text{DPV}$$

where:

"LFA" is the county education district's local share;

"TR" is a tax rate which for each hundred dollars of valuation is \$0.90 [~~\$0.72-for-the-1991-1992-school-year,~~~~\$0.82--for~~
~~the-1992-1993-school-year,~~~~\$0.92-for-the-1993-1994-school-year,~~and
~~\$1.00-for-each-school-year-thereafter~~]; and

"DPV" is the taxable value of property in the county education district for the prior tax year determined under Section 11.86 of this code.

(b) The commissioner of education shall adjust the values reported in the official report of the comptroller as required by Section 5.09(a), [Property] Tax Code, to reflect reductions in taxable value of property resulting from natural or economic disaster after January 1 in the year in which the valuations are determined. The decision of the commissioner of education shall be final. An adjustment does not affect the local fund assignment of any other county education district.

(c) Appeals of district values shall be held pursuant to Subsection (e) of Section 11.86 of this code.

(d) A county education district shall raise its total local share of the foundation school program. The funds shall be reallocated to the school districts in the county education district in the manner prescribed by Subchapter J of this chapter.

(e) The commissioner of education shall hear appeals from county education districts which have experienced a rapid decline in tax base used in calculating the local fund assignment,

1 exceeding eight percent of prior year, that is beyond the control
2 of the board of trustees of the county education district. The
3 commissioner of education may adjust the county education
4 district's taxable values for local fund assignment purposes for
5 such losses in value exceeding eight percent and thereby adjust the
6 local fund assignment to reflect the local current year taxable
7 value. The decision of the commissioner of education shall be
8 final. An adjustment does not affect the local fund assignment of
9 any other county education district.

10 Sec. 16.254. DISTRIBUTION OF FOUNDATION SCHOOL FUND. (a)
11 For each school year the commissioner of education shall determine:

12 (1) the amount of money to which a school district is
13 entitled under Subchapters C and D of this chapter;

14 (2) the amount of money guaranteed to each district
15 under Subchapter H of this chapter;

16 (3) the amount of money allocated to the district from
17 the available school fund;

18 (4) the amount of funds generated by the district's
19 tax effort that is applicable to the district's basic guaranteed
20 yield; and

21 (5) the amount of each district's local share of the
22 amounts guaranteed to that district under Subchapter H of this
23 chapter.

24 (b) The commissioner shall base the determinations under
25 Subsection (a) of this section on the estimates provided to the
26 legislature under Section 16.2541 of this code for each school
27 district for each school year.

1 (c) Each school district is entitled to an amount equal to
2 the difference for that district between the sum of Subsections
3 (a)(1) and (a)(2) of this section and the sum of Subsections
4 (a)(3), (a)(4), and (a)(5) of this section.

5 (d) The commissioner shall approve warrants to each school
6 district equaling the amount of its entitlement except as provided
7 by this section. Warrants for all money expended according to the
8 provisions of this chapter shall be approved and transmitted to
9 treasurers or depositories of school districts in the same manner
10 that warrants for state payments are transmitted.

11 (e) The commissioner shall recompute the amount to which the
12 district is entitled under Subsection (c) of this section if a
13 school district's tax rate is less than the limit authorized under
14 Section 16.2541 of this code or if the commissioner has knowledge
15 that the district's average daily attendance is less than the
16 number used for the average daily attendance estimate under Section
17 16.2541 of this code. The amount to which a district is entitled
18 under this section may not exceed the amount to which the district
19 would be entitled at the district's tax rate for the final year of
20 the preceding biennium, or a greater tax rate provided by
21 appropriation, and the commissioner shall recompute the amount to
22 which a district is entitled to the extent necessary. The
23 commissioner shall approve warrants to the school in the amount
24 that results from the new computation. An amount equal to the
25 difference between the initial allocation and the amount of the
26 warrants shall be transferred to a special account in the
27 foundation school fund known as the reserve account.

1 (f) Amounts transferred to the reserve account under
2 Subsection (e) of this section shall be used in the succeeding
3 fiscal year to finance increases in allocations to school districts
4 under Subsection (h) of this section. If the amount in the reserve
5 account is less than the amount of the increases under Subsection
6 (h) of this section for the second year of a state fiscal biennium,
7 the commissioner shall certify the amount of the difference to the
8 foundation school fund budget committee not later than January 1 of
9 the second year of the state fiscal biennium. The committee shall
10 propose to the legislature that the certified amount be transferred
11 to the foundation school fund from the economic stabilization fund
12 and appropriated for the purpose of increases in appropriations
13 under Subsection (h) of this section.

14 (g) If the legislature fails during the regular session to
15 enact the transfer and appropriation proposed under Subsection (f)
16 of this section and there are not funds available under Subsection
17 (i) of this section, the commissioner shall determine a basic
18 allotment that results in school district entitlements under the
19 allocation formulas in this chapter that are equal to the amount
20 available for distribution from the foundation school fund. Each
21 district's entitlement is reduced to the amount to which the
22 district is entitled under the allocation formulas using the basic
23 allotment determined by the commissioner. The following fiscal
24 year, a district's entitlement under this section is increased by
25 an amount equal to the reduction made under this subsection.

26 (h) Not later than January 1 each year, the commissioner
27 shall determine the actual amount of state funds to which each

1 school district is entitled under the allocation formulas in this
2 chapter for the current school year and shall compare that amount
3 with the amount of the warrants issued to each district for that
4 year. If the amount of the warrants differs from the amount to
5 which a district is entitled because of variations in student
6 enrollment or property value, the commissioner shall adjust the
7 district's entitlement for the next fiscal year accordingly.

8 (i) The legislature may appropriate funds necessary for
9 increases under Subsection (h) of this section from funds that the
10 comptroller of public accounts, at any time during the fiscal year,
11 finds are available.

12 (j) The commissioner shall compute for each school district
13 the total amount by which the district's allocation of state funds
14 is increased or reduced under Subsection (h) of this section and
15 shall certify that amount to the district.

16 (k) If in any school year the amount in the reserve account
17 exceeds the amount necessary for adjustments under this section,
18 the commissioner shall determine a guaranteed yield that results in
19 school district entitlements under the allocation formulas in this
20 chapter that are equal to the amount available from the foundation
21 school fund, including the excess amount in the reserve account.
22 Each district's entitlement is increased to the amount to which the
23 district is entitled under the allocation formulas using the
24 guaranteed yield determined by the commissioner. The commissioner
25 shall make the adjustments authorized by this subsection by the
26 earliest possible date in the school year.

27 (l) The commissioner of education shall compute for each

1 school district the total amount, if any, by which the district's
2 total revenue is reduced from one school year to the next because
3 of a change in the method of finance under this chapter. The
4 commissioner shall certify the amount of the reduction to the
5 school district for use in determining the school district's
6 rollback rate under Section 26.08, Tax Code.

7 Sec. 16.2541. ESTIMATES REQUIRED. (a) Not later than
8 October 1 of each even-numbered year:

9 (1) the Central Education Agency shall submit to the
10 foundation school fund budget committee and the legislature an
11 estimate of student enrollment by school district for the following
12 biennium; and

13 (2) the comptroller of public accounts shall submit to
14 the foundation school fund budget committee and the legislature an
15 estimate of the total value of all taxable property in the state as
16 determined under Section 11.86 of this code for the following
17 biennium.

18 (b) The Central Education Agency and the comptroller of
19 public accounts shall update the information provided to the
20 legislature under Subsection (a) of this section not later than
21 March 1 of each odd-numbered year. [~~(a)--The-commissioner-of~~
22 education-shall-determine-annually:

23 [~~(1)--the--amount--of--money--necessary--to--operate--a~~
24 Foundation-School-Program-in-each-school-district;

25 [~~(2)--the-amount-of-local-funds-due-the-school-district~~
26 from-the-local-fund-assignment-of-the-county-education-district;
27 and

1 [(3) -- the --- amount -- of -- state -- available -- school -- funds
2 distributed to each school district.]

3 [(b) -- The commissioner of education shall then grant to each
4 school district from the Foundation School Program appropriation
5 the amount of funds necessary to provide the difference between
6 Subdivision (1) and the sum of Subdivisions (2) and (3) of
7 Subsection (a) of this section.]

8 [(c) -- The commissioner shall approve warrants to each school
9 district equaling the amount of its grant. Warrants for all money
10 expended according to the provisions of this chapter shall be
11 approved and transmitted to treasurers or depositories of school
12 districts in the same manner as warrants for state apportionment
13 are transmitted.]

14 [(d) -- Notwithstanding any other provision of this chapter, if
15 for any year the total state's share of the Foundation School
16 Program, as determined under this chapter, exceeds the total amount
17 appropriated for that year, the commissioner shall reduce the total
18 amount of state funds allocated to each district by an amount
19 determined by a method under which the application of the same
20 number of cents of increase in tax rate applied to the taxable
21 value of property of each district, as determined under Section
22 11-86 of this code, results in a levy for each district equal to
23 the amount deducted from that district's allocation.]

24 [(e) -- The commissioner of education shall compute for each
25 school district the total amount by which the district's allocation
26 of state funds is reduced under Subsection (d) of this section and
27 shall certify that amount to the district.]

1 Sec. 16.255. FALSIFICATION OF RECORDS; REPORT. (a) When,
2 in the opinion of the director of school audits of the Central
3 Education Agency, audits or reviews of accounting, enrollment, or
4 other records of a school district reveal deliberate falsification
5 of the records, or violation of the provisions of this chapter,
6 whereby the district's share of state funds allocated under the
7 authority of this chapter would be, or has been, illegally
8 increased, the director shall promptly and fully report the fact to
9 the State Board of Education and the state auditor.

10 (b) In the event of overallocation of state funds, as
11 determined by the State Board of Education or the state auditor by
12 reference to the director's report, the Central Education Agency
13 shall, by withholding from subsequent allocations of state funds,
14 recover from the district an amount, or amounts, equal to the
15 overallocation.

16 Sec. 16.256. FOUNDATION SCHOOL FUND BUDGET COMMITTEE.

17 (a) The foundation school fund budget committee is composed of the
18 governor, the lieutenant governor, and the comptroller of public
19 accounts.

20 (b) On or before November 1 before each regular session of
21 the legislature, the budget committee shall determine and certify
22 to the comptroller of public accounts an amount of money to be
23 placed in the foundation school fund for the succeeding biennium
24 for the purpose of financing the Foundation School Program as
25 described in this code.

26 (c) The budget committee may, during the biennium, change
27 the estimate of money necessary to finance the Foundation School

1 Program.

2 (d) The foundation school fund budget committee shall adopt
3 rules for the calculation for each year of a biennium of the
4 qualified funding elements necessary to achieve the state funding
5 policy under Section 16.001 of this code not later than the
6 1994-1995 school year and for each year thereafter. In the
7 calculation of these funding elements, the committee shall consider
8 the report of the Legislative Education Board prescribed under
9 Section 16.008 of this code.

10 (e) The funding elements shall include:

11 (1) a basic allotment for the purposes of Section
12 16.101 of this code that represents the cost per student of a
13 regular education program that meets the basic criteria for an
14 accredited program including all mandates of law and regulation;

15 (2) adjustments designed to reflect the variation in
16 known resource costs and costs of education beyond the control of
17 school districts;

18 (3) appropriate program cost differentials and other
19 funding elements for the programs authorized under Subchapter D of
20 this chapter, with the program funding level expressed as dollar
21 amounts and as weights applied to the adjusted basic allotment for
22 the appropriate year;

23 (4) the maximum guaranteed level of qualified state
24 and local funds per student for the purposes of Subchapter H of
25 this chapter;

26 (5) the enrichment and facilities tax rate under
27 Subchapter H of this chapter;

1 (6) the formula elements for the funding formulas for
2 capital outlay and debt service under the provision of Subchapter I
3 of this chapter; and

4 (7) the calculation of weighted students in average
5 daily attendance under Section 16.302 of this code.

6 (f) Not [~~Beginning in 1992, not~~] later than November 1
7 preceding each regular session of the legislature, the foundation
8 school fund budget committee by rule shall adopt and report the
9 equalized funding elements calculated under this section to the
10 commissioner of education and the legislature. Before the
11 committee adopts the elements, the committee or the committee's
12 designees shall hold a public hearing on the recommendations of the
13 Legislative Education Board.

14 [~~(g) Notwithstanding other provisions of this section, the~~
15 ~~funding elements adopted by the foundation school fund budget~~
16 ~~committee for the 1993-1994 school year and the 1994-1995 school~~
17 ~~year shall provide for appropriate transition from the program in~~
18 ~~effect for the 1992-1993 school year.~~]

19 Sec. 16.258. EFFECT OF APPRAISAL APPEAL. (a) If the final
20 determination of an appeal under Chapter 42, Tax Code, results in a
21 reduction in the taxable value of property that exceeds five
22 percent of the total taxable value of property in the school
23 district for the same tax year determined under Section 11.86 of
24 this code, the commissioner of education shall request the
25 comptroller to adjust its taxable property value findings for that
26 year consistent with the final determination of the appraisal
27 appeal.

1 (b) If the district would have received a greater amount
2 from the foundation school fund for the applicable school year
3 using the adjusted value, the commissioner shall add the difference
4 to subsequent distributions to the district from the foundation
5 school fund. An adjustment does not affect the local fund
6 assignment of any other district.

7 Sec. 16.260. FOUNDATION SCHOOL FUND TRANSFERS. (a) In this
8 section:

9 (1) "Category 1 school district" means a school
10 district having a wealth of less than one-half of the statewide
11 average wealth.

12 (2) "Category 2 school district" means a school
13 district having a wealth of at least one-half of the statewide
14 average wealth per pupil but not more than the statewide average
15 wealth.

16 (3) "Category 3 school district" means a school
17 district having a wealth of more than the statewide average wealth.

18 (4) "Wealth" means the taxable property values
19 reported by the comptroller to the commissioner of education under
20 Section 16.252 of this code divided by the number of students in
21 average daily attendance.

22 (b) Payments from the foundation school fund to each
23 category 1 school district shall be made as follows:

24 (1) 21 percent of the yearly entitlement of the
25 district shall be paid in two equal installments to be made on or
26 before the 25th day of September and October of a fiscal year;

27 (2) 57 percent of the yearly entitlement of the

1 district shall be paid in six equal installments to be made on or
2 before the 25th day of November, December, January, February,
3 March, and July; and

4 (3) 22 percent of the yearly entitlement of the
5 district shall be paid in two equal installments to be made on or
6 before the 25th day of April and May.

7 (c) Payments from the foundation school fund to each
8 category 2 school district shall be made as follows:

9 (1) 21 percent of the yearly entitlement of the
10 district shall be paid in two equal installments to be made on or
11 before the 25th day of September and October of a fiscal year;

12 (2) 38 percent of the yearly entitlement of the
13 district shall be paid in four equal installments to be made on or
14 before the 25th day of November, December, March, and July;

15 (3) seven percent of the yearly entitlement of the
16 school district shall be paid in two equal installments to be made
17 on or before the 25th day of January and February;

18 (4) 22 percent of the yearly entitlement of the school
19 district shall be paid in two equal installments to be made on or
20 before the 25th day of April and May; and

21 (5) 12 percent of the yearly entitlement of the school
22 district shall be paid in two equal installments to be made on or
23 before the 25th day of June and August.

24 (d) Payments from the foundation school fund to each
25 category 3 school district shall be made as follows:

26 (1) 21 percent of the yearly entitlement of the school
27 shall be paid in two equal installments to be made on or before the

1 25th day of September and October of a fiscal year;

2 (2) 57 percent of the yearly entitlement of the school
3 shall be paid in six equal installments to be made on or before the
4 25th day of November, December, March, June, July, and August; and

5 (3) 22 percent of the yearly entitlement of the school
6 district shall be paid in two equal installments to be made on or
7 before the 25th day of April and May.

8 (e) The amount of any installment required by this section
9 may be modified to provide a school district with the proper amount
10 to which the district may be entitled by law and to correct errors
11 in the allocation or distribution of funds. If an installment
12 under this section is required to be equal to other installments,
13 the amount of other installments may be adjusted to provide for
14 that equality. A payment under this section is not invalid because
15 it is not equal to other installments.

16 SUBCHAPTER H. GUARANTEED YIELD PROGRAM (TIER TWO)

17 Sec. 16.301. PURPOSE. The purpose of the guaranteed yield
18 component of the Foundation School Program is to provide each
19 school district with the opportunity to supplement the basic
20 program at a level of its own choice and with access to additional
21 funds for facilities. An allotment under this subchapter may be
22 used for any legal purpose, including capital outlay and debt
23 service.

24 Sec. 16.302. ALLOTMENT. [~~a~~] Each school district is
25 guaranteed a specified amount per weighted student in state and
26 local funds for each cent of tax effort over that required for the
27 local fund assignment of the county education district in which the

1 school district is located up to the maximum level specified in
2 this subchapter. The amount of state support, subject [only] to
3 the maximum amount under Section 16.303 of this code, is determined
4 by the formula:

$$5 \quad \text{GYA} = (\text{GL} \times \text{WADA} \times \text{DTR} \times 100) - \text{LR}$$

6 where:

7 "GYA" is the guaranteed yield amount of state funds to be
8 allocated to the district;

9 "GL" is the dollar amount guaranteed level of state and local
10 funds per weighted student per cent of tax effort, which is \$25
11 [\$21.50] for each [the-1991-1992] school year, [\$22.50--for--the
12 1992-1993--school--year, \$26-for-the-1993-1994-school-year, and \$28
13 for-each-school-year-thereafter,] or a greater amount [for-any-year
14 provided-by-appropriation, or-a--greater--amount] adopted by the
15 foundation school fund budget committee under Section 16.256(d) of
16 this code or, if a greater amount is provided by appropriation, the
17 amount provided by appropriation [for-the--1993-1994--or--1994-1995
18 school-year-or-thereafter];

19 "WADA", except as provided by Section 16.206 of this code, is
20 the number of weighted students in average daily attendance, which
21 is calculated by dividing the sum of the school district's
22 allotments under Subchapters C and D of this chapter, less any
23 allotments to the district for transportation, career ladder
24 supplements, or technology and 50 percent of the adjustment under
25 Section 16.102 of this code, by the basic allotment for the
26 applicable year;

27 "DTR" is the district enrichment and facilities tax rate of

1 the school district, which is determined by dividing the total
2 amount of taxes collected by the school district for the applicable
3 school year by the quotient of the district's taxable value of
4 property as determined under Section 11.86 of this code divided by
5 100; and

6 "LR" is the local revenue, which is determined by multiplying
7 "DTR" by the quotient of the district's taxable value of property
8 as determined under Section 11.86 of this code divided by 100.

9 [~~{b}--Beginning--with--the--1993-1994--school--year,--if--the~~
10 ~~program-cost-differentials-developed--jointly--by--the--Legislative~~
11 ~~Education--Board--and--the--Legislative--Budget-Board-under-Section~~
12 ~~16.203-of-this-code--and--the--adjustments--studied--under--Section~~
13 ~~16.206--of--this-code-are-not-adopted-by-the-foundation-school-fund~~
14 ~~budget-committee-or--the--commissioner--of--education,--the--amount~~
15 ~~guaranteed--under-this-section-is-an-amount-per-student-rather-than~~
16 ~~per--weighted--student--and--a--school--district's--average--daily~~
17 ~~attendance-{"ADA"}-under-Section-16.006-of-this-code-is-substituted~~
18 ~~for-"WADA"--in-the-formula-under-Subsection-(a)-of-this-section.]~~

19 Sec. 16.303. LIMITATION ON ENRICHMENT AND FACILITIES TAX
20 RATE. The district enrichment and facilities tax rate ("DTR")
21 under Section 16.302 of this code may not exceed \$0.40 per \$100 of
22 valuation, [\$0.45] or a greater amount [~~for-1993-1994-and-1994-1995~~
23 ~~school-years-or-thereafter-as]~~ adopted by the foundation school
24 fund budget committee under Section 16.256(d) of this code or, if a
25 greater amount is provided by appropriation, the amount provided by
26 appropriation.

27 Sec. 16.304. COMPUTATION OF AID FOR DISTRICT ON MILITARY

1 RESERVATION OR AT STATE SCHOOL. State assistance under this
2 subchapter for a school district located on a federal military
3 installation or at Moody State School is computed using the average
4 tax rate and property value per student of school districts in the
5 county, as determined by the commissioner of education.

6 SUBCHAPTER I. CAPITAL OUTLAY AND DEBT SERVICE

7 Sec. 16.401. INVENTORY OF SCHOOL FACILITIES. (a) The State
8 Board of Education shall establish a statewide inventory of school
9 facilities and shall update the inventory on a periodic basis.

10 (b) The inventory shall include information on the
11 condition, use, type, and replacement cost of public school
12 facilities in this state.

13 Sec. 16.402. STANDARDS. The State Board of Education shall
14 establish standards for adequacy of school facilities. The
15 standards shall include requirements related to space, educational
16 adequacy, and construction quality. All facilities constructed
17 after September 1, 1992, must meet the standards in order to be
18 financed with state or local tax funds.

19 Sec. 16.403. ADVISORY COMMITTEE. The State Board of
20 Education shall appoint a committee composed of 15 persons
21 knowledgeable of various aspects of school facility planning,
22 construction, renovation, and financing. The advisory committee
23 shall provide the board and the commissioner with assistance on the
24 development of the inventory system, the creation of facility
25 standards, and the conduct of facility research related to current
26 and future roles of the state in the provision of financial and
27 technical assistance to school districts. The members of the

1 committee shall serve without compensation but may be reimbursed
2 for actual and necessary expenses.

3 SUBCHAPTER J. COUNTY EDUCATION DISTRICT DISTRIBUTIONS

4 Sec. 16.501. TIER ONE. (a) The commissioner of education
5 shall notify each county education district of the total amount of
6 funds that each school district in the county education district is
7 entitled to receive under tier one of the Foundation School
8 Program.

9 (b) For tier one, the board of trustees of each county
10 education district shall distribute the funds collected from the
11 tax levied by the county education district under Section 20.945 of
12 this code to the school districts in the county on the basis of the
13 component districts' share of the taxable value of property of the
14 county education district with the provision that no component
15 district shall receive funds in excess of the cost of tier one less
16 the distribution of the available school fund.

17 (c)(1) Notwithstanding Subsection (b) of this section, for
18 the [~~1991-1992~~~~7-1992-1993~~~~7-and~~] 1993-1994 school year [~~years~~], for
19 tier one the board of trustees of each county education district
20 shall distribute the funds collected from the tax levied by the
21 county education district under Section 20.945 of this code to the
22 school districts in the county education district as follows:

23 (A) to those school districts that did not
24 receive foundation school funds for the 1990-1991 school year in
25 which the amount of revenue per weighted student from local funds
26 and the available school fund for the 1990-1991 school year exceeds
27 the total amount of revenue per weighted student to which the

1 district is entitled under the Foundation School Program at a tax
2 rate equal to the maximum tax rate authorized under Section 20.09
3 of this code, the county education district shall distribute an
4 amount equal to the difference between the amount of revenue per
5 weighted student in the district in the 1990-1991 school year from
6 local funds and the available school fund and the levy that results
7 from the application of the maximum rate authorized under Section
8 20.09 of this code to the district's taxable value of property; and

9 (B) the county education district shall
10 apportion the remaining funds collected from the tax levy to each
11 school district in the county education district on the basis of
12 the component districts' share of the taxable value of property of
13 the county education district with the provision that no component
14 district shall receive funds in excess of the cost of tier one less
15 the distribution of the available school fund.

16 (2) This subsection expires September 1, 1994.

17 (d) If the total amount available for distribution by the
18 county education district exceeds the county education district's
19 local share under Section 16.252 of this code, the county education
20 district shall retain the excess amount for distribution in
21 succeeding years.

22 (e) If the total amount available for distribution by the
23 county education district is less than the county education
24 district's local share under Section 16.252 of this code, the
25 distributions shall be made under rules adopted by the commissioner
26 of education.

27 Sec. 16.502. COLLECTION AND DISTRIBUTION SCHEDULES. The

1 commissioner of education shall establish a schedule for the
2 distribution of funds to each school district under this
3 subchapter.

4 Sec. 16.503. DEFINITION. In this subchapter, "taxable value
5 of property" is the value determined under Section 11.86 of this
6 code.

7 SECTION 3.02. Subchapter G, Chapter 20, Education Code, is
8 amended to read as follows:

9 SUBCHAPTER G. COUNTY EDUCATION DISTRICTS

10 Sec. 20.941. CREATION: COMPOSITION. (a) Each school
11 district in this state is included in a county education district.
12 A county education district is composed of all school districts
13 that are assigned to a single county in the 1990-1991 Texas School
14 Directory published by the Central Education Agency, except as
15 provided by Subsection (b) of this section.

16 (b) The school districts that are assigned to a county in
17 each of the following groups of counties in the 1990-1991 Texas
18 School Directory published by the Central Education Agency
19 constitute a county education district:

- 20 (1) Midland and Andrews
- 21 (2) Victoria and Calhoun
- 22 (3) Armstrong, Carson, and Randall
- 23 (4) Liberty and Chambers
- 24 (5) Bailey and Cochran
- 25 (6) Gaines, Borden, Dawson, Lubbock, Lynn, Terry, and
26 Yoakum
- 27 (7) Howard and Glasscock

1 (8) Hale and Hockley
2 (9) Schleicher, Tom Green, Sterling, and Irion
3 (10) Hidalgo and Kenedy
4 (11) Kent, Crosby, Fisher, Garza, and Scurry
5 (12) King, Cottle, Knox, and Dickens
6 (13) Limestone and Falls
7 (14) Lipscomb, Gray, Hemphill, Hutchinson, Ochiltree,
8 and Roberts
9 (15) Mason, San Saba, and Llano
10 (16) Matagorda, Jackson, and Wharton
11 (17) Frio and McMullen
12 (18) Pecos, Crockett, Jeff Davis, Kinney, Presidio,
13 and Val Verde
14 (19) Bee and Refugio
15 (20) Sherman, Dallam, Hansford, Moore, and Potter
16 (21) Somervell, Bosque, Erath, Hill, and Johnson
17 (22) Kimble and Sutton
18 (23) Brewster and Terrell
19 (24) Upton, Crane, Ector, and Reagan
20 (25) Wheeler, Collingsworth, and Donley
21 (26) Loving, Winkler, Culberson, Reeves, and Ward
22 (27) Starr and Zapata
23 (28) Stonewall and Jones
24 (29) Aransas and San Patricio
25 (30) Leon and Anderson
26 (31) Panola and Shelby
27 (c) Before each regular session of the legislature, the

1 Legislative Education Board, with the assistance of the Legislative
2 Budget Board, shall review the taxable value of property in each
3 county education district and shall recommend changes in the
4 boundaries of the districts necessary to ensure that no district
5 has a taxable value of property in excess of \$280,000 per weighted
6 student in average daily attendance, or a value set by the
7 foundation school fund committee.

8 (d) In this section:

9 (1) "Taxable value of property" is the value
10 determined under Section 11.86 of this code.

11 (2) "Weighted student in average daily attendance" has
12 the meaning assigned by Section 16.302 of this code.

13 Sec. 20.942. AUTHORIZATION. Each county education district
14 is an independent school district established by the consolidation
15 of the local school districts in its boundaries for the limited
16 purpose of exercising a portion of the taxing power previously
17 authorized by the voters in those school districts and of
18 distributing revenue of the county education district to those
19 districts.

20 Sec. 20.943. GOVERNANCE. (a) A county education district
21 is governed by a board of trustees appointed by the respective
22 boards of trustees of its component school districts.

23 (b) Except as provided by this subsection, the board of
24 trustees of each component school district shall appoint one of its
25 members to serve on the board of trustees of the county education
26 district. If a county education district is composed of fewer than
27 three component districts, the board of trustees of each component

1 district shall appoint two of its members to serve on the board of
2 trustees of the county education district. An appointed member of
3 the board of trustees serves at the pleasure of the appointing
4 school district's board of trustees and may be replaced at any time
5 by that board. Service on the county education district board
6 under this section is an additional duty of office of the member
7 serving.

8 (c) A county education district has the authority granted to
9 other independent school districts under:

10 (1) Section 23.26(a) of this code;

11 (2) Section 23.26(c) of this code, as it applies to
12 personal property;

13 (3) Subchapter C, Chapter 23, of this code; and

14 (4) Subchapter E, Chapter 23, of this code.

15 (d) A county education district may enter into contracts and
16 may employ personnel only as necessary for the performance of the
17 duties of the district.

18 (e) The commissioner of education may adopt rules relating
19 to the operation and administration of county education districts.

20 Sec. 20.944. ORGANIZATION, MEETINGS, COMPENSATION. (a) A
21 majority of the members of the board of trustees of a county
22 education district constitutes a quorum.

23 (b) The board shall meet at the call of the chairman or at
24 the request of a quorum of the board members. Meetings shall be
25 held in the central administrative offices of the component school
26 district with the greatest average daily membership unless the
27 board designates another location.

1 (c) A member of the board receives no compensation but is
2 entitled to reimbursement by the appointing school district for
3 necessary expenses incurred in the exercise of official duties.

4 Sec. 20.9441. LIABILITY INSURANCE COVERAGE. A member of the
5 board of trustees of a component school district who is designated
6 to serve as a member of the board of trustees of a county education
7 district and who is covered by a liability insurance policy
8 obtained by the school district covering the member's acts and
9 omissions in the member's capacity as a school board member is
10 entitled to analogous liability insurance coverage of the member's
11 acts and omissions in the member's capacity as a member of the
12 board of trustees of the county education district. An insurance
13 company may not sell liability insurance coverage to a school
14 district covering the acts and omissions of school board members in
15 their capacity as board members unless the policy also provides
16 coverage for acts and omissions of a school board member in the
17 member's capacity as a member of the board of trustees of a county
18 education district.

19 Sec. 20.945. LEVY OF TAX; ASSESSMENT AND COLLECTION OF
20 TAXES. (a) The board of trustees of a county education district
21 shall levy a tax at a rate necessary to collect its local fund
22 assignment under Section 16.252 of this code not later than
23 September 1 of each year or as soon thereafter as practicable.

24 (b) Unless the board of trustees of the county education
25 district provides for the assessment and collection of taxes levied
26 by the district through a contract with one or more appraisal
27 districts or taxing units, each component school district within a

1 county education district shall be responsible for the assessment
2 and collection of taxes levied by the board of trustees of the
3 county education district on all taxable property within the
4 component school district at the same time and in the same manner
5 as it assesses and collects its own taxes. Each component school
6 district shall bear the cost of assessing and collecting taxes
7 levied by the county education district, and shall have the legal
8 authority to take actions on behalf of the county education
9 district to ensure the efficient collection of these taxes.

10 Sec. 20.946. RESIDENCE HOMESTEAD EXEMPTIONS. (a) The
11 ~~[Subject-to-Subsection-(f)-of-this-section,-the]~~ voters of a county
12 education district may exempt from ad valorem taxation a percentage
13 of the market value of the residence homestead of a married or
14 unmarried adult, including one living alone, at an election held in
15 the district as provided by this section.

16 (b) At the first regular meeting of the board, the board
17 shall order an election to be held on June 19, 1993 ~~[August--10,~~
18 ~~1991]~~, on the question of exempting from ad valorem taxation by the
19 district a percentage of the market value of a residence homestead
20 in the district. The amount of the exemption shall be the maximum
21 percentage exemption as provided by Article VIII, Section 1-b(e),
22 of the Texas Constitution. ~~[If-the-exemption-is-approved,-it-takes~~
23 ~~effect-only-if-this-section-remains--in--effect--after--August--10,~~
24 ~~1991,-under-Subsection-(f)-of-this-section.]~~

25 (c) If the exemption is not adopted at the 1993 ~~[1991]~~
26 election and the board subsequently receives a valid petition
27 requesting an election for the purpose of adopting the exemption,

1 the board shall hold another election on the proposition. The
2 petition must be signed by a number of registered voters of the
3 district equal to at least five percent of the registered voters
4 residing in the district and must state the percentage of market
5 value to be exempted. The board shall order the election to be
6 held on an authorized election date, as prescribed by Section
7 41.001, Election Code, occurring not later than 60 days after the
8 date on which the petition is received by the board. If at the
9 election the majority of the votes are cast against the
10 proposition, another election for the same purpose may not be held
11 earlier than the corresponding uniform election date three years
12 after the date of the preceding election ordered under this
13 subsection.

14 (d) At an election to authorize the exemption, the ballot
15 shall be prepared to permit voting for or against the proposition:
16 "The exemption of _____ percent of the market value of the
17 residence homestead from ad valorem taxation in (name of the county
18 education district)."

19 (e) For elections ordered under this section, each component
20 school district shall conduct the election and deliver the canvass
21 of the vote to the county education district board of trustees.
22 The county education district board shall conduct a final canvass
23 not later than the second day after the receipt of all school
24 district election returns, and prepare a tabulation of the total
25 number of votes received in each school district and the sum of the
26 school district totals. The proposition is approved only if the
27 majority of the votes reflected in the sum of school district

1 totals favors the proposition. The county education district board
2 shall declare the results and retain the election returns and
3 tabulations for the period for preserving precinct election
4 records.

5 [~~(f)--This section remains in effect after August 10, 1991,~~
6 ~~only---if---the---constitutional---amendment---proposed---by---the---72nd~~
7 ~~Legislature, Regular Session, providing an exemption of a~~
8 ~~percentage of the market value of a residence homestead from ad~~
9 ~~valorem taxation in county education districts by election of the~~
10 ~~voters, is adopted. If that amendment is not adopted, this section~~
11 ~~has no effect.~~]

12 Sec. 20.947. AUTHORITY OF COMPONENT SCHOOL DISTRICTS. The
13 boards of trustees of the component school districts in a county
14 education district retain the authority granted them elsewhere in
15 this code, except the authority to levy that portion of their
16 former taxing authority exercised by the county education district.

17 Sec. 20.948. ABOLISHMENT OF COUNTY EDUCATION DISTRICTS. It
18 is the intent of the legislature to abolish county education
19 districts if the voters adopt a constitutional amendment
20 authorizing the redistribution among other school districts of
21 taxes levied and collected by a school district.

22 Sec. 20.949. CHANGE OF COUNTY EDUCATION DISTRICT ASSIGNMENT.

23 (a) If a school district is assigned under Section 20.941 of this
24 code to a county other than the county where the school district's
25 administrative offices are located, the school district may submit
26 a request to the commissioner of education for reassignment to the
27 county in which the school district's administrative offices are

1 located.

2 (b) The commissioner of education shall grant the request
3 for reassignment if the reassignment does not result in a taxable
4 value of property in the county education district from which the
5 district is reassigned or to which the district is reassigned in
6 excess of \$280,000 per weighted student in average daily
7 attendance, or a value set by the foundation school fund budget
8 committee.

9 Sec. 20.950. DISABLED AND ELDERLY HOMESTEAD EXEMPTIONS. (a)
10 The [~~Subject-to-Subsection-(f)-of-this-section,~~the] voters of a
11 county education district may exempt from ad valorem taxation not
12 less than \$3,000 of the appraised value of the residence homestead
13 of an individual who is disabled or is 65 or older at an election
14 held in the district as provided by this section.

15 (b) At the first regular meeting of the board, the board
16 shall order an election to be held on June 19, 1993 [~~August-10,~~
17 ~~1991~~], on the question of exempting from ad valorem taxation by the
18 district an amount of the market value of a residence homestead in
19 the district of an individual who is disabled or is 65 or older.
20 The amount of the exemption for individuals who are disabled and
21 the amount of the exemption for individuals who are 65 or older
22 shall each be \$10,000. [~~If-the-exemption--is--approved,--it--takes~~
23 ~~effect--only--if--this--section--remains-in-effect-after-August-10,~~
24 ~~1991,--under-Subsection-(f)-of-this-section.~~]

25 (c) If the exemption is not adopted at the 1993 [~~1991~~]
26 election and the board subsequently receives a valid petition
27 requesting an election for the purpose of adopting the exemption,

1 the board shall hold another election on the proposition. The
2 petition must be signed by a number of registered voters of the
3 district equal to at least five percent of the registered voters
4 residing in the district and must state the amount to be exempted.
5 The board shall order the election to be held on an authorized
6 election date, as prescribed by Section 41.001, Election Code,
7 occurring not later than 60 days after the date on which the
8 petition is received by the board. If at the election the majority
9 of the votes are cast against the proposition, another election for
10 the same purpose may not be held earlier than the corresponding
11 uniform election date three years after the date of the preceding
12 election ordered under this subsection.

13 (d) At an election to authorize the exemption, the ballot
14 shall be prepared to permit voting for or against the proposition:
15 "The exemption of \$_____ of the market value of the residence
16 homestead of an individual who is disabled and of \$_____ of the
17 market value of the residence homestead of an individual who is 65
18 or older from ad valorem taxation in (name of the county education
19 district)."

20 (e) For elections ordered under this section, each component
21 school district shall conduct the election and deliver the canvass
22 of the vote to the county education district board of trustees.
23 The county education district board shall conduct a final canvass
24 not later than the second day after the receipt of all school
25 district election returns, and prepare a tabulation of the total
26 number of votes received in each school district and the sum of the
27 school district totals. The proposition is approved only if the

1 majority of the votes reflected in the sum of school district
2 totals favors the proposition. The county education district board
3 shall declare the results and retain the election returns and
4 tabulations for the period for preserving precinct election
5 records.

6 [~~(f)~~--This--section--remains-in-effect-after-August-10, 1991,
7 only--if--the--constitutional--amendment--proposed--by--the--72nd
8 Legislature,--Regular--Session,--providing-an-exemption-of-not-less
9 than-\$3,000-of-the-market-value-of--a--residence--homestead--of--an
10 individual--who--is--disabled-or-who-is-65-or-older-from-ad-valorem
11 taxation-in-county-education-districts-by-election-of--the--voters,
12 is--adopted.--If-that-amendment-is-not-adopted,--this-section-has-no
13 effect.]

14 Sec. 20.951. TANGIBLE PERSONAL PROPERTY. (a) The [Subject
15 to--Subsection--(f)--of--this--section,--the] voters of a county
16 education district may provide for the taxation of tangible
17 personal property exempt under Section 11.14(a), Tax Code, at an
18 election held in the district as provided by this section.

19 (b) At the first regular meeting of the board, the board
20 shall order an election to be held on June 19, 1993 [~~August--10,~~
21 ~~1991~~], on the question of taxation by the district of tangible
22 personal property exempt under Section 11.14(a), Tax Code. [~~If-the~~
23 ~~proposition-is-approved,--it--takes--effect--only--if--this--section~~
24 ~~remains--in--effect--after-August-10, 1991,--under-Subsection-(f)-of~~
25 ~~this-section.~~]

26 (c) If the proposition is not adopted at the 1993 [~~1991~~]
27 election and the board subsequently receives a valid petition

1 requesting an election for the purpose of providing for the
2 taxation of tangible personal property exempt under Section
3 11.14(a), Tax Code, the board shall hold another election on the
4 proposition. The petition must be signed by a number of registered
5 voters of the district equal to at least five percent of the
6 registered voters residing in the district. The board shall order
7 the election to be held on an authorized election date, as
8 prescribed by Section 41.001, Election Code, occurring not later
9 than 60 days after the date on which the petition is received by
10 the board. If at the election the majority of the votes are cast
11 against the proposition, another election for the same purpose may
12 not be held earlier than the corresponding uniform election date
13 three years after the date of the preceding election ordered under
14 this subsection.

15 (d) At an election to authorize the exemption, the ballot
16 shall be prepared to permit voting for or against the proposition:
17 "The taxation of all tangible personal property, other than
18 manufactured homes, in (name of the county education district) that
19 is not held or used for the production of income."

20 (e) For elections ordered under this section, each component
21 school district shall conduct the election and deliver the canvass
22 of the vote to the county education district board of trustees.
23 The county education district board shall conduct a final canvass
24 not later than the second day after the receipt of all school
25 district election returns, and prepare a tabulation of the total
26 number of votes received in each school district and the sum of the
27 school district totals. The proposition is approved only if the

majority of the votes reflected in the sum of school district totals favors the proposition. The county education district board shall declare the results and retain the election returns and tabulations for the period for preserving precinct election records.

~~[(f)--This section remains in effect after August 10, 1991, only---if---the---constitutional---amendment---proposed---by---the---72nd Legislature,---Regular---Session,---providing---for---the---taxation---of tangible personal property, except structures used or occupied as a residence or property used or held for the production of income, in county education districts by election of the voters is adopted.]~~

SECTION 3.03. Section 20.09, Education Code, is amended to read as follows:

Sec. 20.09. TAX LIMITATIONS. (a) A [Except as provided by Subsections (c) and (d) of this section, a] school district may not impose a [total] tax rate on the \$100 valuation of taxable property that results in a levy that exceeds \$1.50 on the \$100 valuation of taxable property for maintenance and operation of the district.
~~[the---levy---that---results---from---applying the following rate to the district's taxable value of property as determined under Section 11.86 of this code:~~

~~[(1)--\$0.78 for the 1991 tax year;~~

~~[(2)--\$0.68 for the 1992 tax year;~~

~~[(3)--\$0.58 for the 1993 tax year; and~~

~~[(4)--\$0.50 for each subsequent tax year.]~~

(b) A district may impose taxes under this chapter on the residence homestead of a person whose taxes for general elementary

1 and secondary public school purposes are limited under Article
2 VIII, Section 1-b(d), of the Texas Constitution, only to the extent
3 that the imposition, when added to the taxes imposed on the
4 homestead by the county education district, does not increase the
5 person's tax liability for those purposes in violation of the
6 constitutional limit.

7 [~~(c)--The--portion--of--the--total--tax--rate--required--to--collect~~
8 ~~the--taxes--pledged--and--levied--for--the--payment--of--principal--and~~
9 ~~interest--on--debt--authorized--to--be--issued--by--an--election--held--on--or~~
10 ~~before--April--17--1991--and--issued--before--September--17--1992--is--not~~
11 ~~subject--to--the--tax--limitation--under--Subsection--(a)--of--this--section.~~

12 [~~(d)--Prior--to--the--issuance--of--bonds--other--than--bonds--exempt~~
13 ~~under--Subsection--(c)--of--this--section--a--district--shall--demonstrate~~
14 ~~to--the--attorney--general--with--respect--to--the--proposed--bond--issue--a~~
15 ~~projected--ability--to--pay--the--principal--of--and--interest--on--the~~
16 ~~proposed--bonds--and--all--previously--issued--bonds--other--than--bonds~~
17 ~~exempt--under--Subsection--(c)--of--this--section--from--a--tax--at--a--debt~~
18 ~~rate--not--to--exceed--\$0.50--per--\$100--valuation--and--a--total--tax--rate~~
19 ~~not--to--exceed--the--maximum--rate--under--Subsection--(a)--of--this~~
20 ~~section.---On--approval--of--the--bonds--by--the--attorney--general--and~~
21 ~~issuance--by--the--district--the--district--may--levy--a--tax--exceeding--the~~
22 ~~limits--established--in--Subsection--(a)--of--this--section--if--necessary~~
23 ~~to--pay--the--principal--of--and--interest--on--the--bonds--without--reducing~~
24 ~~maintenance--and--operations--expenditures--for--the--district.]~~

25 SECTION 3.04. This article applies beginning with the
26 1993-1994 school year.

1 ARTICLE 4.

2 SECTION 4.01. The importance of this legislation and the
3 crowded condition of the calendars in both houses create an
4 emergency and an imperative public necessity that the
5 constitutional rule requiring bills to be read on three several
6 days in each house be suspended, and this rule is hereby suspended,
7 and that this Act take effect and be in force according to its
8 terms, and it is so enacted.

**FAVORABLY AS SUBSTITUTED
SENATE COMMITTEE REPORT ON**

☒ SB ☐ SCR ☐ SJR ☐ SR ☐ HB ☐ HCR ☐ HJR 7
 By Ratliff
(Author/Senate Sponsor)
May 11, 1993
(date)

We, your Committee on EDUCATION, to which was referred the attached measure,
 have on May 11, 1993, had the same under consideration and I am instructed to report it
(date of hearing)
 back with the recommendation (s) that it:

- ☒ do pass as substituted, and be printed
 ☐ the caption remained the same as original measure
 ☒ the caption changed with adoption of the substitute
☐ do pass as substituted, and be ordered not printed
☐ and is recommended for placement on the Local and Uncontested Bills Calendar.

A fiscal note was requested. ☒ yes ☐ no

A revised fiscal note was requested. ☒ yes ☐ no

An actuarial analysis was requested. ☐ yes ☒ no

Considered by subcommittee. ☐ yes ☒ no

The measure was reported from Committee by the following vote:

| | YEA | NAY | ABSENT | PNV |
|---------------------------|-------------------------------------|-------------------------------------|----------|----------|
| Senator Ratliff, Chair | <input checked="" type="checkbox"/> | | | |
| Senator Haley, Vice-Chair | <input checked="" type="checkbox"/> | | | |
| Senator Barrientos | <input checked="" type="checkbox"/> | | | |
| Senator Bivins | | <input checked="" type="checkbox"/> | | |
| Senator Harris, C. | | <input checked="" type="checkbox"/> | | |
| Senator Luna | <input checked="" type="checkbox"/> | | | |
| Senator Montford | <input checked="" type="checkbox"/> | | | |
| Senator Shapiro | <input checked="" type="checkbox"/> | | | |
| Senator Sibley | <input checked="" type="checkbox"/> | | | |
| Senator Turner | <input checked="" type="checkbox"/> | | | |
| Senator Zaffirini | <input checked="" type="checkbox"/> | | | |
| TOTAL VOTES | 9 | 2 | 2 | 0 |

COMMITTEE ACTION

S260/ Considered in public hearing

S270/ Testimony taken

Patricia Buck
 COMMITTEE CLERK

Ratliff
 CHAIRMAN

By: Ratliff

S.B. No. 7

~~Substitute the following for S.B. No. 7.~~

By: *Ratliff*

~~C.S.S.B. No. 7~~

A BILL TO BE ENTITLED

AN ACT

relating to public school education and finance.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 16, Education Code, is amended to read as follows:

CHAPTER 16. FOUNDATION SCHOOL PROGRAM

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 16.001. STATE POLICY. (a) It is the policy of the State of Texas that the provision of public education is a state responsibility and that a thorough and efficient system be provided and substantially financed through state revenue sources so that each student enrolled in the public school system shall have access to programs and services that are appropriate to his or her educational needs and that are substantially equal to those available to any similar student, notwithstanding varying local economic factors.

(b) The public school finance system of the State of Texas shall adhere to a standard of neutrality which provides for substantially equal access to similar revenue per student at similar tax effort, considering all state and local tax revenues of districts after acknowledging all legitimate student and district cost differences.

Sec. 16.002. PURPOSE OF FOUNDATION SCHOOL PROGRAM. (a) The purposes of the Foundation School Program set forth in this chapter

1 are to guarantee that each school district in the state has:

2 (1) adequate resources to provide each eligible
3 student a basic instructional program and facilities suitable to
4 the student's educational needs; and

5 (2) access to a substantially equalized program of
6 financing in excess of basic costs for certain services, as
7 provided by this chapter.

8 (b) The Foundation School Program consists of two tiers to
9 provide for the purposes specified by Subsection (a) of this
10 section. The first tier guarantees sufficient financing for all
11 school districts to provide a basic program of education that meets
12 accreditation and other legal standards. The second tier provides
13 a guaranteed yield system of financing to provide all school
14 districts with substantially equal access to funds to provide an
15 enriched program and additional funds for facilities.

16 Sec. 16.003. STUDENT ELIGIBILITY. (a) A student is
17 entitled to the benefits of the Foundation School Program if he is
18 5 years of age or older and under 21 years of age at the beginning
19 of the scholastic year and has not graduated from high school.

20 (b) A student to whom Subsection (a) of this section does
21 not apply is entitled to the benefits of the Foundation School
22 Program if the student is enrolled in a prekindergarten class under
23 Section 21.136 of this code.

24 (c) The commissioner of education, in consultation with the
25 Commissioner of Human Services, shall monitor and evaluate ^{2/3}
26 prekindergarten programs in the State of Texas as to their
27 developmental appropriateness. Furthermore, the commissioner of

1 education, in consultation with the Commissioner of Human Services,
2 shall evaluate the potential for coordination on a statewide basis
3 of prekindergarten programs with government-funded early childhood
4 care and education programs such as child care administered under
5 Chapter 44 of the Human Resources Code and federal Head Start
6 programs. This evaluation shall utilize recommendations contained
7 in the report to the 71st Legislature required by Chapter 717, Acts
8 of the 70th Legislature, Regular Session, 1987. For the purpose of
9 providing cost-effective care for children during the full work day
10 with developmentally appropriate curriculum, the commissioners
11 shall investigate the use of existing child care program sites as
12 prekindergarten sites. Following the evaluation required by this
13 section, the commissioners, in cooperation with school districts
14 and other program administrators, shall integrate programs, staff,
15 and program sites for prekindergarten, child care, and federal Head
16 Start programs to the greatest extent possible.

17 (d) A child may be enrolled in the first grade if he is at
18 least six years of age at the beginning of the scholastic year or
19 has been enrolled in the first grade or has completed kindergarten
20 in the public schools in another state prior to transferring to a
21 Texas public school.

22 Sec. 16.005. ADMINISTRATION OF THE PROGRAM. The
23 commissioner of education, in accordance with the rules of the
24 State Board of Education, shall take such action and require such
25 reports consistent with the terms of this chapter as may be
26 necessary to implement and administer the Foundation School
27 Program.

1 Sec. 16.006. AVERAGE DAILY ATTENDANCE. (a) In this
2 chapter, average daily attendance is the quotient of the sum of
3 [determined-by-the-daily] attendance for each day [as-averaged-each
4 month] of the minimum school year as described under Section
5 16.052(a) of this code and for each day approved by the
6 commissioner of education for an extended year program under
7 Section 21.562 of this code divided by the number of days in the
8 minimum school year.

9 (b) A school district that experiences a decline of two
10 percent or more in average daily attendance as a result of the
11 closing or reduction in personnel of a military base shall be
12 funded on the basis of the actual average daily attendance of the
13 immediately preceding school year.

14 (c) The commissioner of education shall adjust the average
15 daily attendance of school districts that have a significant
16 percentage of students whose parent or guardian is a migrant
17 worker. For the purposes of this subsection, "migrant worker" has
18 the meaning assigned by Section 21.5515 of this code.

19 (d) The commissioner may adjust the average daily attendance
20 of a school district in which a disaster, flood, extreme weather
21 condition, fuel curtailment, or other calamity has a significant⁴
22 effect on the district's attendance.

23 Sec. 16.007. PUBLIC EDUCATION INFORMATION MANAGEMENT SYSTEM
24 (PEIMS). (a) Each school district [~~and--each--county--education~~
25 ~~district~~] shall participate in the Public Education Information
26 Management System (PEIMS) and shall provide through that system
27 information required for the administration of this chapter and of

1 other appropriate provisions of this code.

2 (b) Each school district shall use a uniform accounting
3 system adopted by the commissioner of education for the data
4 required to be reported for the Public Education Information
5 Management System.

6 [~~(c) The Central Education Agency shall report annually to~~
7 ~~the Legislative Education Board the financial status of each county~~
8 ~~education district. The report shall include the total state and~~
9 ~~local education revenues for each tier of the Foundation School~~
10 ~~Program.]~~

11 Sec. 16.008. EQUALIZED FUNDING ELEMENTS. (a) The
12 Legislative Education Board shall adopt rules, subject to
13 appropriate notice and opportunity for public comment, for the
14 calculation for each year of a biennium of the qualified funding
15 elements under Section 16.256(e) of this code necessary to achieve
16 the state policy under Section 16.001 of this code not later than
17 the 1994-1995 school year and for each school year thereafter.

18 (b) Not [~~Beginning in 1992, not~~] later than October 1
19 preceding each regular session of the legislature, the board shall ^{5/6}
20 report the equalized funding elements to the foundation school fund
21 budget committee, the commissioner of education, and the
22 legislature.

23 [~~Sec. 16.009. REVENUE LIMIT. (a) The revenue limit is an~~
24 ~~amount equal to 110 percent of the amount of state and local funds~~
25 ~~guaranteed under the Foundation School Program per student in~~
26 ~~weighted average daily attendance to each school district at a~~
27 ~~total tax rate of \$0.25 per \$100 of taxable value of property as~~

1 calculated-for-the-1994-1995-school-year:

2 [(b)--Not-later-than-April-15,-the-commissioner-of--education
3 shall--estimate--the-revenue-limit-for-each-school-district-for-the
4 current-school-year-and-shall-certify-that-amount--to--each--school
5 district:

6 [(c)--Not--later-than-August-15-of-each-year-the-commissioner
7 of-education-shall-determine-as-nearly-as-possible-for-the--current
8 school-year:

9 [(1)--the--total--amount--of--state-and-local-funds-per
10 student-in-weighted-average--daily--attendance--available--in--each
11 school-district;-and

12 [(2)--the--total--amount--of--state-and-local-funds-per
13 student-in-weighted-average--daily--attendance--required--for--debt
14 service-in-each-school-district:

15 [(d)--The--commissioner--shall--determine-the-total-number-of
16 students-in-weighted-average-daily-attendance-in--school--districts
17 in-which-the-amount-specified-in-Subsection-(c)(1)-of-this-section,^{6/7}
18 less--the--amount--specified--in-Subsection-(c)(2)-of-this-section,
19 exceeds-the-revenue-limit:

20 [(e)--If-the-total-number-of--students--in--weighted--average
21 daily--attendance--in--districts--with--state--and--local--revenues
22 exceeding--the--revenue--limit-equals-or-exceeds-two-percent-of-the
23 total-number-of-students-in-weighted-average-daily--attendance--for
24 the--current--school--year,-no-school-district-may-levy-a-tax-at-a
25 rate-that-would-result-in-an--amount--of--state--and--local--funds,
26 excluding--funds--required-for-debt-service,-during-the-next-school
27 year-that-exceeds-the-revenue-limit,-except--that--those--districts

1 exceeding--the--revenue--limit--may--maintain--during--the--next--school
2 year--the--total--amount--of--state--and--local--funds--per--student--in
3 weighted--average--daily--attendance--for--the--current--school--year:--The
4 commissioner--shall--notify--those--districts--in--which--revenues--are
5 subject--to--the--limitation--imposed--in--this--subsection:

6 [(f) --In--this--section:

7 [(1) --"Weighted--student--in--average--daily--attendance"
8 has--the--meaning--assigned--in--Section--16.302--of--this--code:

9 [(2) --"Taxable--value--of--property"--has--the--meaning
10 assigned--in--Section--11.86--of--this--code:

11 [Sec.--16.010:--DEFINITION:-----In---this---chapter,--"school
12 district"--does--not--include--a--county--education--district--unless
13 expressly--included:

14 [Sec.--16.011:--NOTICE--OF--YIELDS--TO--BE--PUBLISHED:--(a)--Not
15 earlier--than--the--30th--day--or--later--than--the--seventh--day--before--the ⁷/₈
16 date--of--adopting--a--tax--rate--for--the--years--1991,--1992,--1993,--and
17 1994,--a--school--district--shall--publish--the--following--notice,--using
18 the--yields--and--tax--rates--certified--by--the--commissioner:

19 ["NOTICE--OF--COMPARABLE--TAX--RATES--AND--REVENUES

20 ["The--legislature--has--enacted--a--statute--on--school--funding--to
21 comply--with--a--court--mandate--enforcing--the--state--constitution.
22 Under--prior--statutes,--the--tax--rate--for--last--year--provides-----per
23 student--in--state--and--local--revenues:--Under--this--statute,--that--same
24 rate--now--provides-----per--student--in--state--and--local--revenues:

25 ["State--law--only--requires--a--minimum--tax--rate--of-----for
26 county--education--districts:--State--law--does--not--require--a--school
27 district--to--adopt--additional--taxes:--Neither--does--state--law--require

1 a-school-district-to-adopt-a-tax-rate-that-maximizes-the-receipt-of
2 state-funds.

3 ["The--board--of-trustees-of-the-----School-District-hereby
4 gives-notice-that-it-is-considering-the-adoption-of-a-tax--rate--of
5 -----that--will--provide-----per--student--in-state-and-local
6 revenues."]

7 [(b)--If-a-district-is-required-to-give-public--notice--of--a
8 hearing--under--Section--26.067--Tax--Code,--the-notice-described-by
9 Subsection-(a)-of-this-section-may--be--included--in--the--required
10 notice-under-Section-26.067-Tax-Code.

11 [(c)--The--notice-described-by-Subsection-(a)-of-this-section
12 shall--be--published--in--the--two--newspapers--with--the---largest
13 circulation-within-the-school-district-unless-only-one-newspaper-is
14 in--general-circulation-within-the-district.--The-notice-may-not-be
15 smaller-than-one-quarter-page-of-a-standard-size-or-a--tabloid-size
16 newspaper,--and-the-headline-must-be-18-point-or-larger-type.

17 [(d)--The--notice-described-by-Subsection-(a)-of-this-section
18 must-also-be-included-in-the--tax--bill--or--a--separate--statement
19 accompanying-the-tax-bill.

20 [(e)--The--commissioner--shall--adopt-rules-to-implement-this
21 section.

22 [(f)--This-section-expires-January-17-1995.]

23 SUBCHAPTER B. REQUIREMENTS FOR DISTRICT PARTICIPATION IN THE
24 FOUNDATION SCHOOL PROGRAM FUND

25 Sec. 16.051. REQUIRED COMPLIANCE. In order to receive
26 financial support from the Foundation School Fund, a school
27 district must comply with the standards set forth in this

subchapter.

→ *Insert F.A. # 10*
Sec. 16.052. OPERATION OF SCHOOLS; TEACHER PREPARATION AND STAFF DEVELOPMENT. (a) Except as provided by Subsection (c) of this section, for each school year, each school district must provide for not less than:

(1) 180 days of instruction for students, and

(2) three days of preparation for teachers before the attendance of students is required at the beginning of the regular school term and four days of staff development training during the regular school term [~~Each school district must provide for not less than--180--days-of-instruction-for-students-and-not-less-than-three days-of-preparation-for-teachers-for-each-school--year,--except--as provided-in-Subsection-(c)-of-this-section~~].

(b) Each school district must provide for the [~~not-less-than 20--hours--of~~] staff development training required under Subsection (a) of this section under guidelines provided by the commissioner of education. The training provided must include technology training and must occur during regular hours of required teacher service. On the request of a teacher, a school district may credit the teacher compensatory time to be applied toward the number of training days [~~hours~~] required under Subsection (a) of this section [~~this-subsection~~] for workshops, conferences, or other professional training that the teacher has attended.

(c) The commissioner of education may approve the operation of schools for less than the number of days of instruction and teacher preparation and staff development training otherwise required when ~~disasters, floods, extreme weather conditions, fuel~~

1 curtailments, or other calamities have caused the closing of the
2 school.

3 (d) Each school district may reserve three hours of the
4 first preparation day provided each school year under Subsection
5 (a) of this section for faculty staff meetings.

6 Sec. 16.053. ACCREDITATION. Each school district must be
7 accredited by the Central Education Agency.

8 Sec. 16.054. STUDENT/TEACHER RATIOS; CLASS SIZE.

9 (a) Except as provided by Subsection (b) of this section, each
10 school district must employ a sufficient number of certified
11 teachers to maintain an average ratio of not less than one teacher
12 for each 20 students in average daily attendance.

13 (b) A school district may not enroll more than 22 students
14 in a kindergarten, first, second, third, or fourth grade class.
15 This requirement shall not apply during the last 12 weeks of any
16 school year.

17 (c) In determining the number of students to enroll in any
18 class, a district shall consider the subject to be taught, the ¹⁶/₁₁
19 teaching methodology to be used, and any need for individual
20 instruction.

21 (d) On application of a school district, the commissioner
22 may except the district from the limits in Subsection (b) of this
23 section if the commissioner finds the limits work an undue hardship
24 on the district. An exception expires at the end of the semester
25 for which it is granted, and the commissioner may not grant an
26 exception for more than one semester at a time.

27 (e) The commissioner shall report to the legislature each

1 biennium regarding compliance with this section. The report must
2 include:

3 (1) a statement of the number of school districts
4 granted an exception under Subsection (d) of this section; and

5 (2) an estimate of the total cost incurred by school
6 districts in that biennium in complying with this section.

7 (f) Not later than the 45th day after the first day of the
8 school year, each school committee established under Section 21.931
9 of this code shall file a written report with the school district
10 that states the class size of each class in the school. Not later
11 than the 60th day after the first day of the school year, each
12 school district shall forward the reports to the commissioner.

13 → Insert F.A.#1(2)
14 Sec. 16.055. COMPENSATION OF PROFESSIONAL AND
15 PARAPROFESSIONAL PERSONNEL. (a) A school district must pay each
16 employee who is qualified for and employed in a position classified
17 under the Texas Public Education Compensation Plan for
18 Administrative and Supervisory Personnel set forth in Section
19 16.056 of this chapter not less than the minimum monthly base
20 salary, plus increments for [teaching] experience, specified for
21 the position and must pay other specified personnel in the manner
22 provided by Section 16.0562 or Section 16.057 of this code.

23 (b) Contracts for personnel shall be made on the basis of a
24 minimum of 10 months' service, which must include a minimum of 187
25 [the-number-of] days of service [instruction-for-students-and--days
26 of--preparation--for--personnel--required-by-Section-16.052-of-this
27 code]. The days of staff development [preparation] required under
Section 16.052(a) of this code [herein] shall be conducted by local

boards of education under rules and regulations established by the State Board of Education that are consistent with the state accreditation standards for program planning, preparation, and improvement. ~~[Personnel-employed-for-more-than-10-months-shall-be paid-not-less-than-the-minimum-monthly-base-pay-plus-increments-for experience-for-each-month-of-actual-employment---Personnel-employed for--11--months-at-pay-grades-1-11-must-render-202-days-of-service, and-personnel-employed-for-12-months-at-pay-grades-1-11-must-render 220-days-of-service.]~~ Personnel employed for 11 months [at--pay grades--12-18] must render a minimum of 207 days of service, and personnel employed for 12 months [at-pay-grades-12-18] must render a minimum of 226 days of service. However, the number of days of service required by this subsection may be reduced by the commissioner under Section 16.052(c) of this code, and the reduction shall not reduce the total salaries of personnel.

(c) Notwithstanding Subsection (b) of this section, a vocational agriculture teacher employed for 12 months shall render 226 days of service regardless of pay grade.

Sec. 16.056. TEXAS PUBLIC EDUCATION COMPENSATION PLAN FOR ADMINISTRATIVE AND SUPERVISORY PERSONNEL. (a) School district administrative or supervisory personnel who are qualified for and employed in positions described in Subsection (d) of this section shall be paid not less than the monthly base salary, plus increments for [teaching] experience, set forth in Subsection (c) of this section, or greater amounts provided by appropriation.

(b) Each individual shall advance one step per each year of experience until step 10 is reached. ~~[For--each--year,--up--to--a~~

1 maximum-of-two-years, of-work-experience-required-for-certification
2 in--a--vocational--field,--a-vocational-teacher-who-is-certified-in
3 that-field-is-entitled--to--salary--step--credit--as--if--the--work
4 experience-were-teaching-experience.]

5 (c) SALARY SCHEDULE BY STEPS

| 6 | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|------|------|------|------|------|------|------|------|------|------|------|
| 7 | 1700 | 1814 | 1928 | 2042 | 2156 | 2270 | 2384 | 2498 | 2612 | 2726 | 2840 |

8 (d) The following positions are entitled to the minimum
9 monthly salary set by Subsection (c) of this section for the number
10 of annual contract months specified:

| No. | Class Title |
|-------------|---------------------------|
| Months Paid | |
| [+0] | [Nurse, R.N., and/or |
| | Bachelor's Degree] |
| [+0] | [Special Education |
| | Related |
| | Service Personnel (other |
| | than Occupational or |
| | Physical Therapist), |
| | Bachelor's Degree] |
| [+0] | [Teacher, Bachelor's |
| | Degree] |
| [+0] | [Vocational Teacher, |
| [+1] | [Bachelor's Degree and/or |
| [+2] | Certified in Field] |
| [+0] | [Librarian, Bachelor's |
| | Degree] |

| | | |
|----|------|----------------------------|
| 1 | [+0] | [Visiting-Teacher-I, |
| 2 | | Psychological-Associate, |
| 3 | | Bachelor's-Degree] |
| 4 | [+0] | [Special-Education |
| 5 | | Related |
| 6 | | Service-Personnel-(other |
| 7 | | than-Occupational-or |
| 8 | | Physical-Therapist), |
| 9 | | Master's-Degree] |
| 10 | [+0] | [Teacher,-Master's-Degree] |
| 11 | [+0] | [Vocational-Teacher, |
| 12 | [+1] | Master's-Degree] |
| 13 | [+2] | |
| 14 | [+0] | [Librarian-II,-Master's |
| 15 | | Degree] |
| 16 | [+0] | [Physician,-M.D.] |
| 17 | [+0] | [Teacher,-Bachelor-of-Laws |
| 18 | | or-Doctor-of-Jurispru- |
| 19 | | dence-Degree] |
| 20 | [+0] | [Teacher,-Doctor's-Degree] |
| 21 | [+0] | [Special-Duty-Teacher, |
| 22 | | Master's-Degree] |
| 23 | [+0] | [Occupational-Therapist] |
| 24 | [+0] | [Physical-Therapist] |
| 25 | [+0] | [Educational |
| 26 | | Diagnostician] |

| | | |
|----|------|----------------------------|
| 1 | [+0] | [Visiting-Teacher-II,7 |
| 2 | | Master's-Degree] |
| 3 | [+0] | [Counselor-I,7 |
| 4 | | Psychologist] |
| 5 | [+0] | [School-Social-Worker] |
| 6 | 10 | Supervisor I |
| 7 | 10 | Part-time Principal--11 or |
| 8 | | fewer teachers on campus |
| 9 | 10 | Instructional/Administra- |
| 10 | | tive Officer I |
| 11 | 10 | Assistant Principal--20 or |
| 12 | | more teachers on campus |
| 13 | 10 | Instructional/Administra- |
| 14 | | tive Officer II |
| 15 | 11 | Principal--19 or fewer |
| 16 | | teachers on campus |
| 17 | 10 | Instructional/Administra- |
| 18 | | tive Officer III |
| 19 | 11 | Principal--20-49 teachers |
| 20 | | on campus |
| 21 | 11 | Instructional/Administra- |
| 22 | | tive Officer IV |
| 23 | 11 | Principal--50-99 teachers |
| 24 | | on campus |
| 25 | 12 | Principal--100 or more |
| 26 | | teachers on campus |

| | | |
|----|----|---------------------------|
| 1 | 12 | Instructional/Administra- |
| 2 | | tive Officer V |
| 3 | 12 | Instructional/Administra- |
| 4 | | tive Officer VI |
| 5 | 12 | Superintendent--District |
| 6 | | with 3,000 |
| 7 | | or less ADA |
| 8 | 12 | Instructional/Administra- |
| 9 | | tive Officer VII |
| 10 | 12 | Superintendent--District |
| 11 | | with 3,001-12,500 ADA |
| 12 | 12 | Instructional/Administra- |
| 13 | | tive Officer VIII |
| 14 | 12 | Superintendent--District |
| 15 | | with 12,501-50,000 ADA |
| 16 | 12 | Superintendent--District |
| 17 | | with 50,000 or more ADA |

18 Sec. 16.0561. DUTIES OF COMMISSIONER AND STATE BOARD OF
19 EDUCATION CONCERNING PERSONNEL COMPENSATION AND CERTIFICATION. (a)
20 [(e)] With the approval of the State Board of Education, the
21 commissioner of education may add additional positions and months
22 of service to the Texas Public Education Compensation Plan for
23 Administrative and Supervisory Personnel under Section 16.056(d) of
24 this code or to the list provided by Section 16.0562(e) of this
25 code to reflect curriculum and program changes authorized by law.
26 With the approval of the board, the commissioner shall also develop

1 policies for the implementation and administration of [the]
2 compensation of personnel [plan].

3 (b) [(f)] Each person employed in the public schools of this
4 state who is an educational aide, teacher trainee, or nondegree
5 teacher or who is assigned to a position classified under the Texas
6 Public Education Compensation Plan for Administrative and
7 Supervisory Personnel as provided by Section 16.056(d) of this code
8 or assigned to the list provided by Section 16.0562(e) of this code
9 must be certified according to the certification requirements or
10 standards for each position as established by rule adopted by the
11 State Board of Education. However, additional certification may
12 not be required of a person holding a valid state license as a
13 speech language pathologist or audiologist. Persons other than
14 those holding such a license may only be employed to render such
15 services if an acceptable licensed applicant is not available.

16 (c) [(g)] The State Board of Education shall prescribe the
17 general duties and required preparation and education for
18 educational aides, teacher trainees, and nondegree teachers and for
19 the positions listed in Section 16.056 [Subsection] (d) of this
20 code or Section 16.0562(e) of this code [section--under--the
21 circumstances-described-therein].

22 ~~[(h)]--In-determining-the-placement-of-a-teacher-on-the-salary~~
23 ~~schedule-under-Subsection-(c)-of-this--section,--a--district--shall~~
24 ~~credit--the-teacher-for-each-year-of-experience,--whether-or-not-the~~
25 ~~years-are-consecutive,----Notwithstanding--the--provision--of--this~~
26 ~~subsection,--no-teacher-shall-be-placed-on-the-salary-schedule-at-a~~
27 ~~step-above-the-step-where-the-teacher-would-have--been--placed--had~~

1 ~~that-teacher-remained-in-continuous-service-]~~

2 Sec. 16.0562. MINIMUM SALARY SCHEDULE FOR SPECIFIED
3 PERSONNEL OTHER THAN ADMINISTRATIVE OR SUPERVISORY PERSONNEL. (a)

4 In this section:

5 (1) "FSP" means the amount appropriated in the General
6 Appropriations Act for the biennium for the Foundation School
7 Program.

8 (2) "ADA" means the total estimated average daily
9 attendance for public schools used for purposes of the General
10 Appropriations Act.

11 (3) "SF" means the applicable salary factor provided
12 by Subsection (c) of this section.

13 (b) Personnel listed under Subsection (e) of this section
14 shall be paid not less than the monthly salary, based on years of
15 experience, determined by the following formula:

16
$$\text{SF} \times (\text{FSP}/\text{ADA})$$

17 (c) The salary factors per step for purposes of Subsection
18 (b) of this section are as follows:

| | | | | | | | |
|----|------------------|--------|--------|--------|--------|--------|--------|
| 19 | Years Experience | 0 | 1 | 2 | 3 | 4 | 5 |
| 20 | Salary Factor | .8130 | .8675 | .9220 | .9765 | 1.0311 | 1.0856 |
| 21 | Years Experience | 6 | 7 | 8 | 9 | 10 | 11 |
| 22 | Salary Factor | 1.1401 | 1.1946 | 1.2338 | 1.2707 | 1.3051 | 1.3367 |
| 23 | Years Experience | 12 | 13 | 14 | 15 | 16 | 17 |
| 24 | Salary Factor | 1.3658 | 1.3936 | 1.4189 | 1.4428 | 1.4648 | 1.4854 |
| 25 | Years Experience | 18 | 19 | 20+ | | | |
| 26 | Salary Factor | 1.4973 | 1.5050 | 1.5093 | | | |

27 (d) Each individual shall advance one step per year of

1 experience until step 20 is reached. For each year, up to a
2 maximum of two years, of work experience required for certification
3 in a vocational field, a vocational teacher who is certified in
4 that field is entitled to teaching experience credit as if the work
5 experience were teaching experience.

6 (e) The following positions are entitled to the minimum
7 monthly salary set by this section for the number of annual
8 contract months specified:

| 9 | <u>No.</u> | |
|----|--------------------|---|
| 10 | <u>Months Paid</u> | <u>Class Title</u> |
| 11 | <u>10</u> | <u>Nurse, R.N. and/or Bachelor's Degree</u> |
| 12 | <u>10</u> | <u>Special Education Related Service Personnel (other</u> |
| 13 | | <u>than Occupational or Physical Therapist), Bachelor's</u> |
| 14 | | <u>Degree</u> |
| 15 | <u>10</u> | <u>Teacher, Bachelor's Degree</u> |
| 16 | <u>10</u> | <u>Vocational Teacher,</u> |
| 17 | <u>11</u> | <u>Bachelor's Degree and/or</u> |
| 18 | <u>12</u> | <u>Certified in Field</u> |
| 19 | <u>10</u> | <u>Librarian I, Bachelor's Degree</u> |
| 20 | <u>10</u> | <u>Visiting Teacher I, Psychological Associate,</u> |
| 21 | | <u>Bachelor's Degree</u> |
| 22 | <u>10</u> | <u>Special Education Related Service Personnel (other</u> |
| 23 | | <u>than Occupational or Physical Therapist), Master's</u> |
| 24 | | <u>Degree</u> |
| 25 | <u>10</u> | <u>Teacher, Master's Degree</u> |
| 26 | <u>10</u> | <u>Vocational Teacher,</u> |
| 27 | <u>11</u> | <u>Master's Degree</u> |

| | | |
|----|-----------|---|
| 1 | <u>12</u> | |
| 2 | <u>10</u> | <u>Librarian II, Master's Degree</u> |
| 3 | <u>10</u> | <u>Physician, M.D.</u> |
| 4 | <u>10</u> | <u>Teacher, Bachelor of Laws or Doctor of Jurisprudence</u> |
| 5 | | <u>Degree</u> |
| 6 | <u>10</u> | <u>Teacher, Doctor's Degree</u> |
| 7 | <u>10</u> | <u>Special Duty Teacher, Master's Degree</u> |
| 8 | <u>10</u> | <u>Occupational Therapist</u> |
| 9 | <u>10</u> | <u>Physical Therapist</u> |
| 10 | <u>10</u> | <u>Educational Diagnostician</u> |
| 11 | <u>10</u> | <u>Visiting Teacher II, Master's Degree</u> |
| 12 | <u>10</u> | <u>Counselor I, Psychologist</u> |
| 13 | <u>10</u> | <u>School Social Worker</u> |

14 (f) In determining the placement of a teacher on the
15 schedule under Subsection (c) of this section, a district shall
16 credit the teacher for each year of experience whether or not the
17 years are consecutive.

18 Sec. 16.057. SALARY OF TEACHER FORMERLY ON CAREER LADDER
19 [SALARY-SUPPLEMENT]. Notwithstanding Section 16.0562 of this code,
20 a teacher who received a career ladder salary supplement for the
21 1992-1993 school year is entitled to the greater of:

22 (1) the salary applicable to the teacher under Section
23 16.0562 of this code; or

24 (2) the salary that is the sum of the salary the
25 teacher received for the 1992-1993 school year plus the quotient of
26 the amount of the career ladder salary supplement for that year

divided by 10. ~~[(a)--Except-as-provided-by-Subsection-(c)-of--this section,--each--teacher--on--level--two,three,or-four-of-a-career ladder-is-entitled-to-the-following-annual-supplement--in--addition to-the-minimum-salary-set-by-this-subchapter:~~

[Level-2-:-:-:-:-\$2,000

[Level-3-:-:-:-:-\$4,000

[Level-4-:-:-:-:-:-:-:-:-\$6,000

~~(b) If the district pays more than the state minimum salary prescribed by this subchapter, the teacher is entitled to the career ladder supplement in addition to the amount otherwise paid by the district for the teacher's step.~~

~~[(c)--If the allotment under Section 16.158 of this code that is designated for support of the career ladder will not fully fund the supplements under this section:~~

~~[(1)--the-district-may-reduce-the--supplements--to--not
less-than-the-following:~~

[Level-2-~~-----~~-\$1,500

[Level-3-:-:-:-:-:-:-\$3,000

[Level-4-:-:-:-:-\$4,500

057

~~[(2)--provide--for--stricter--performance--criteria--than
that--provided--under--Section--13.302--of--this--code,--subject--to--the
approval--of--the--State--Board--of--Education,--or~~

[(3) -- take -- action -- under -- both -- Subdivisions -- (1) -- and -- (2) --
of this subsection.]

SUBCHAPTER C. BASIC ENTITLEMENT

→ INSERT F.A. 1 (3)

Sec. 16.101. BASIC ALLOTMENT. For each student in average

1 daily attendance, not including the time students spend each day in
2 special education or vocational education programs for which an
3 additional allotment is made under Subchapter D of this chapter, a
4 district is entitled to an allotment of \$2,450, [~~\$2,200-for-the~~
5 ~~1991-1992-school-year, \$2,400-for-the-1992-1993-school-year, \$2,600~~
6 ~~for-the-1993-1994-school-year, and \$2,800-for-the-1994-1995--school~~
7 ~~year--and-thereafter]~~ or a greater amount adopted by the foundation
8 school fund budget committee under Section 16.256 of this code [~~for~~
9 ~~the-1993-1994-school-year-and--each--school--year--thereafter]~~. A
10 different [greater] amount for any school year may be provided by
11 appropriation.

12 Sec. 16.102. COST OF EDUCATION ADJUSTMENT. (a) The basic
13 allotment for each district is adjusted to reflect the geographic
14 variation in known resource costs and costs of education due to
15 factors beyond the control of the school district. [~~Except-as~~
16 ~~provided-by-this-section, the-adjustment--is--that--provided--under~~
17 ~~Section-16.206-of-this-code.~~]

18 (b) The adjustment for the 1993-1994 and
19 1994-1995 [~~1991-1992--and--1992-1993~~] school years is the cost of
20 education index and formula adopted in December 1990 by the
21 foundation school fund budget committee. The [~~For-the-1991-1992~~
22 ~~and-1992-1993-school-years, the~~] commissioner of education shall
23 recalculate the cost of education index for school districts that
24 are eligible for the adjustment under Section 16.103 of this code,
25 excluding from the computation the calculation for the diseconomies
26 of scale component and substituting a value of 1.00. Beginning
27 with the 1995-1996 school year, the foundation school fund budget

1 committee shall determine the cost of education adjustment under
2 Section 16.256 of this code. [~~This subsection expires September 17~~
3 ~~1993.~~]

4 Sec. 16.103. SMALL DISTRICT ADJUSTMENT. (a) The basic
5 allotment for certain small districts is adjusted in accordance
6 with Subsections (b) and (c) of this section. In this section:

7 (1) "AA" is the district's adjusted allotment per ²⁰/₂₁
8 student;

9 (2) "ADA" is the number of students in average daily
10 attendance for which the district is entitled to an allotment under
11 Section 16.101 of this code; and

12 (3) "ABA" is the adjusted basic allotment determined
13 under Section 16.102 of this code.

14 (b) The basic allotment [~~average--daily--attendance~~] of a
15 school district that contains at least 300 square miles and has not
16 more than 1,600 students in average daily attendance is adjusted by
17 applying the formula:

18
$$AA = (1 + ((1,600 - ADA) \times .0004)) \times ABA$$

19 (c) The basic allotment [~~average--daily--attendance~~] of a
20 school district that contains less than 300 square miles and has
21 not more than 1,600 students in average daily attendance is
22 adjusted by applying the formula:

23
$$AA = (1 + ((1,600 - ADA) \times .00025)) \times ABA$$

24 [~~(e)--This section expires September 17, 1993.~~]

25 Sec. 16.1031. USE OF SMALL DISTRICT ADJUSTMENT IN
26 CALCULATING SPECIAL ALLOTMENTS. In determining the amount of a
27 special allotment under Subchapter D of this chapter for a district

1 to which Section 16.103 of this code applies, a district's adjusted
2 basic allotment is considered to be the district's adjusted
3 allotment determined under Section 16.103. [~~This--section--expires~~
4 ~~September-17-1993-~~]

5 Sec. 16.104. SPARSITY ADJUSTMENT. Notwithstanding Sections ²¹/₂₂
6 16.101, 16.102, and 16.103 of this code, a school district that has
7 fewer than 130 students in average daily attendance shall be
8 provided an adjusted basic allotment on the basis of 130 average
9 daily attendance if it offers a kindergarten through grade 12
10 program and has prior or current year's average daily attendance of
11 at least 90 students or is 30 miles or more by bus route from the
12 nearest high school district. A district offering a kindergarten
13 through grade 8 program whose prior or current year's average daily
14 attendance was at least 50 students or which is 30 miles or more by
15 bus route from the nearest high school district shall be provided
16 an adjusted basic allotment on the basis of 75 average daily
17 attendance. An average daily attendance of 60 students shall be
18 the basis of providing the adjusted basic allotment if a district
19 offers a kindergarten through grade 6 program and has prior or
20 current year's average daily attendance of at least 40 students or
21 is 30 miles or more by bus route from the nearest high school
22 district. [~~This-section-expires-September-17-1993-~~]

23 SUBCHAPTER D. SPECIAL ALLOTMENTS

24 Sec. 16.151. SPECIAL EDUCATION. (a) For each student in
25 average daily attendance in a special education program under
26 Subchapter N, Chapter 21, of this code, in a mainstream
27 instructional arrangement, a school district is entitled to an

1 annual allotment equal to the adjusted basic allotment multiplied
2 by 1.1. For each full-time equivalent student in average daily
3 attendance in a special education program under Subchapter N,
4 Chapter 21, of this code, in an instructional arrangement other
5 than a mainstream instructional arrangement, a district is entitled
6 to an annual allotment equal to the adjusted basic allotment
7 multiplied by a weight determined according to instructional
8 arrangement as follows:

| | | |
|----|---------------------------------------|-------------------|
| 9 | Homebound | 5.0 |
| 10 | Hospital class | <u>3.0</u> [5÷0] |
| 11 | Speech therapy | <u>5.0</u> [7÷11] |
| 12 | Resource room | <u>3.0</u> [2÷7] |
| 13 | Self-contained, mild and moderate, | |
| 14 | regular campus | <u>3.0</u> [2÷3] |
| 15 | Self-contained, severe, regular | |
| 16 | campus | <u>3.0</u> [3÷5] |
| 17 | Self-contained, separate campus | 2.7 |
| 18 | Multidistrict class | <u>2.7</u> [3÷5] |
| 19 | Nonpublic day school | <u>1.7</u> [3÷5] |
| 20 | [Vocational-adjustment-class-----2÷3] | |
| 21 | Community class | <u>2.7</u> [3÷5] |
| 22 | [Mainstream-----0÷25] | |

23 (b) A special instructional arrangement for handicapped
24 students residing in care and treatment facilities, other than
25 state schools, whose parents or guardians do not reside in the
26 district providing education services shall be established under
27 the rules of the State Board of Education. The funding weight for

23
24
1 this arrangement shall be 4.0 [5-0] for those students who receive
2 their education service on a local school district campus. A
3 special instructional arrangement for handicapped students residing
4 in state schools shall be established under the rules of the State
5 Board of Education with a funding weight of 2.8 [5-0].

6 (c) Beginning with the 1995-1996 school year, the
7 self-contained, separate campus; multidistrict class; and community
8 class instructional arrangements shall be combined into a single
9 instructional arrangement known as the off home campus
10 instructional arrangement. For funding purposes, the number of
11 contact hours credited per day for each student in the off home
12 campus instructional arrangement may not exceed the contact hours
13 credited per day for the multidistrict class instructional
14 arrangement in the 1992-1993 school year.

15 (d) Beginning with the 1995-1996 school year, for funding
16 purposes the contact hours credited per day for each student in the
17 resource room; self-contained, mild and moderate; and
18 self-contained, severe, instructional arrangements may not exceed
19 the average of the statewide total contact hours credited per day
20 for those three instructional arrangements in the 1992-1993 school
21 year.

22 (e) The State Board of Education by rule shall prescribe the
23 qualifications an instructional arrangement must meet in order to
24 be funded as a particular instructional arrangement under this
25 section. In prescribing the qualifications that a mainstream
26 instructional arrangement must meet, the board shall require that
27 the arrangement provide to eligible students with disabilities 24
25

1 special education services in the regular classroom with any
2 necessary direct or indirect special education support.

3 (f) In this section, "full-time equivalent student" means 30
4 hours of contact a week between a special education student and
5 special education program personnel.

6 (g) The State Board of Education shall adopt rules and
7 procedures governing contracts for residential placement of special
8 education students. The legislature shall provide by appropriation
9 for the state's share of the costs of those placements.

10 (h) Funds allocated under this section, other than an
11 indirect cost allotment established under State Board of Education
12 rule, must be used in the special education program under
13 Subchapter N, Chapter 21, of this code.

14 (i) In the determination of instructional arrangements for
15 students in residential instructional arrangements, the State Board
16 of Education shall develop arrangements that encourage placement of
17 students in the least restrictive environment appropriate for their
18 educational needs.

19 (j) The Central Education Agency shall encourage the
20 placement of students in special education programs in the least
21 restrictive environment appropriate for their educational needs.

22 ~~[The-Central-Education-Agency-shall--provide--transitional--support~~
23 ~~for--the--movement--of-students-from-self-contained-severe-(totally~~
24 ~~self-contained)-to--self-contained--mild--and--moderate--(partially~~ 25
25 ~~self-contained)---instructional--arrangements,---For--each--student~~ 26
26 ~~placed-in-a-partially-self-contained-classroom-who-was-placed-in--a~~
27 ~~totally--self-contained--classroom--for--at-least-two-thirds-of-the~~

1 prior-year, a district will receive \$2,500. This payment must be
2 used to facilitate the placement of the student in the less
3 restrictive environment (partially self-contained classroom). A
4 district may not receive more than one support payment for any
5 individual student. This support payment shall be forfeited by the
6 district if the student is returned to the totally self-contained
7 classroom instructional arrangement within one month of placement
8 into the partially self-contained classroom or within one year of
9 initial reclassification without adequate justification.]

10 (k) A school district that maintains for two successive
11 years a ratio of full-time equivalent students placed in partially
12 or totally self-contained classrooms to the number of full-time
13 equivalent students placed in resource room or mainstream
14 instructional arrangements [partially self-contained classrooms]
15 that is 25 percent higher than the statewide average ratio shall be
16 reviewed by the Central Education Agency to determine the
17 appropriateness of student placement. The commissioner of
18 education may reduce the special education allotment the district
19 receives to the level to which the district would be entitled if
20 the district's ratio was not more than 25 percent higher than the
21 statewide average ratio. [To the extent that there are net cost
22 savings to the state resulting from the movement of students from ²⁶/₂₇
23 totally self-contained to partially self-contained, as provided in
24 Subsection (j) of this section, those net savings will be directed
25 to regional education service centers to provide technical
26 assistance in accordance with Section 11-33(c) of this code
27 regarding the movement of students to less restrictive environments

1 to-those-school--districts--whose--ratio--of--full-time--equivalent
2 students--placed-in-totally-self-contained-classrooms-is-25-percent
3 higher-than-the-statewide-average.]

4 (1) A school district that provides an extended year program
5 required by federal law for special education students who may
6 regress is entitled to receive funds in an amount equal to 75
7 percent, or a lesser percentage determined by the commissioner of
8 education, of the adjusted basic allotment or adjusted allotment,
9 as applicable, for each full-time equivalent student in average
10 daily attendance, multiplied by the amount designated for the
11 student's instructional arrangement under this section, for each
12 day the program is provided divided by the number of days in the
13 minimum school year. The total amount of state funding for
14 extended year services under this section may not exceed \$10
15 million per year. A school district may use funds received under
16 this section only in providing an extended year program ²⁷
17 in-a-mainstream--instructional--arrangement--who--is--not--also--in ₂₈
18 another--instructional--arrangement-as-provided-in-Subsection-(a)-of
19 this-section-is-provided-the-support-necessary-for-the--student--to
20 remain--in-the-regular-classroom.--This-support-may-include-related
21 services-as--defined--in--Section--21.502--of--this--code,--special
22 teaching,--or-other-special-education-support-services-while-in-the
23 regular-classroom].

24 (m) From the total amount of funds appropriated for special
25 education under this section, the commissioner of education shall
26 withhold an amount specified in the General Appropriations Act,
27 which for the 1994-1995 biennium may not exceed \$2 million, and

1 distribute that amount to school districts for programs under
2 Section 21.513 of this code. The program established under that
3 section is required only in school districts in which the program
4 is financed by funds distributed under this section and any other
5 funds available for the program. After deducting the amount
6 withheld under this subsection from the total amount appropriated
7 for special education, the commissioner of education shall reduce
8 each district's allotment proportionately and shall allocate funds
9 to each district accordingly.

10 Sec. 16.152. COMPENSATORY EDUCATION ALLOTMENT. (a) For
11 each student who is educationally disadvantaged or who is a
12 nonhandicapped student residing in a residential placement facility
13 in a district in which the student's parent or legal guardian does
14 not reside, a district is entitled to an annual allotment equal to
15 the adjusted basic allotment multiplied by 0.2, and by 2.41 for
16 each full-time equivalent student who is in a remedial and support
17 program under Section 21.557 of this code because the student is
18 pregnant. $\frac{28}{29}$

19 (b) For purposes of this section, the number of
20 educationally disadvantaged students is determined by averaging the
21 best six months' enrollment in the national school lunch program of
22 free or reduced-price lunches for the preceding school year.

23 (c) Funds allocated under this section, other than an
24 indirect cost allotment established under State Board of Education
25 rule, which shall not exceed 15 percent, must be used in providing
26 remedial and compensatory education programs under Section 21.557
27 of this code, and the district must account for the expenditure of

1 state funds by program and by campus. Funds allocated under this
2 section, other than the indirect cost allotment, shall only be
3 expended to improve and enhance programs and services funded under
4 the regular education program.

5 (d) The Central Education Agency shall evaluate the
6 effectiveness of remedial and support programs provided under
7 Section 21.557 of this code for students at risk of dropping out of
8 school.

9 (e) A school district in which the actual dropout rate in
10 any school year exceeds the state's dropout rate goal for that year
11 under Subsection (a) of Section 11.205 of this code shall, for the
12 school year immediately following that school year, allocate a
13 percentage of the district's allotment under this section to
14 remedial and support programs under Section 21.557 of this code for
15 students at risk of dropping out of school. The percentage
16 allocated to those programs must be at least equal to the state's ²⁹/₃₀
17 actual dropout rate for the preceding year. The programs must be
18 programs authorized by the State Board of Education. The Central
19 Education Agency shall provide to the district technical assistance
20 in reducing the district's dropout rate. At the request of a
21 district, the commissioner of education may exempt the district
22 from the requirements of this section if the commissioner finds
23 that special circumstances in the district merit the exemption.

24 (f) The commissioner of education may:

25 (1) retain a portion of the total amount allotted
26 under Subsection (a) of this section that the commissioner
27 considers appropriate to finance pilot programs under Section

1 11.191 of this code and to finance intensive remedial instruction
2 programs and study guides provided under Sections 21.552(b) and (c)
3 of this code; and

4 (2) reduce each district's allotment proportionately.

5 (g) From the total amount of funds appropriated for
6 allotments under this section, the commissioner of education shall,
7 each fiscal year, withhold the amount of \$10,000,000 and distribute
8 that amount for programs under Section 21.114 of this code. The
9 program established under that section is required only in school
10 districts in which the program is financed by funds distributed
11 under this section and any other funds available for the program.

12 (h) The commissioner of education shall coordinate the funds
13 withheld under Subsection (g) of this section and any other funds
14 available for the program and shall distribute those funds. To ^{3^b}/₃₁
15 receive funds for the program, a school district must apply to the
16 commissioner. The commissioner shall give a preference to the
17 districts that apply that have the highest concentration of
18 students who are pregnant or who are parents.

19 (i) The commissioner of education shall withhold funds
20 allocated under this section to a district that fails to timely
21 prepare or make available on request of a member of the general
22 public the report required under Section 21.557(i) of this code.
23 The commissioner may restore withheld funds only when the
24 commissioner is satisfied that the district has provided the
25 information requested.

26 (j) [††] After deducting the amount withheld under
27 Subsection (g) of this section from the total amount appropriated

1 for the allotment under Subsection (a) of this section, the
2 commissioner of education shall reduce each district's allotment
3 under Subsection (a) proportionately and shall allocate funds to
4 each district accordingly.

5 (k) [~~†j†~~] From the total amount of funds appropriated for
6 allotments under this section, the commissioner of education shall,
7 each fiscal year, withhold the amount of \$5,000,000 and distribute
8 that amount for programs under Subchapter V, Chapter 21, of this
9 code. A program established under that subchapter is required only
10 in school districts in which the program is financed by funds
11 distributed under this section or other funds distributed by the
12 commissioner for a program under that subchapter. $\frac{31}{32}$

13 (l) [~~†k†~~] The commissioner of education shall coordinate the
14 funds withheld under Subsection (k) [~~†j†~~] of this section and any
15 other funds available for the program and shall distribute those
16 funds. To receive funds for the program, a school district must
17 apply to the commissioner. The commissioner shall give a
18 preference to the districts that apply that have the highest
19 concentration of at-risk students. For each school year that a
20 school district receives funds under this section, the district
21 shall allocate an amount of local funds for school guidance and
22 counseling programs that is equal to or greater than the amount of
23 local funds that the school district allocated for that purpose
24 during the preceding school year.

25 (m) [~~†i†~~] After deducting the amount withheld under
26 Subsection (k) [~~†j†~~] of this section from the total amount
27 appropriated for the allotment under Subsection (a) of this

1 section, the commissioner of education shall reduce each district's
2 allotment under Subsection (a) on a per pupil basis.

3 Sec. 16.153. BILINGUAL EDUCATION ALLOTMENT. (a) For each
4 student in average daily attendance in a bilingual education or
5 special language program under Subchapter L, Chapter 21, of this
6 code, a district is entitled to an annual allotment equal to the
7 adjusted basic allotment multiplied by 0.1.

8 (b) Funds allocated under this section, other than an
9 indirect cost allotment established under State Board of Education
10 rule, must be used in providing bilingual education or special³²₃₃
11 language programs under Subchapter L, Chapter 21, of this code.

12 (c) A district's bilingual education or special language
13 allocation may be used only for program and pupil evaluation,
14 instructional materials and equipment, staff development,
15 supplemental staff expenses, salary supplements for teachers, and
16 other supplies required for quality instruction and smaller class
17 size.

18 Sec. 16.155. VOCATIONAL EDUCATION ALLOTMENT. (a) For each
19 full-time equivalent student in average daily attendance in an
20 approved vocational education program in grades nine through 12 or
21 in vocational education for the handicapped programs in grades
22 seven through 12, a district is entitled to an annual allotment
23 equal to the adjusted basic allotment multiplied by a weight of
24 1.37.

25 (b) In this section, "full-time equivalent student" means 30
26 hours of contact a week between a student and vocational education
27 program personnel.

1 (c) Funds allocated under this section, other than an
2 indirect cost allotment established under State Board of Education
3 rule, must be used in providing vocational education programs in
4 grades nine through 12 or vocational education for the handicapped
5 programs in grades seven through 12 under the provisions of
6 Sections 21.111, 21.1111, and 21.112 of this code.

7 (d) The indirect cost allotment established under board
8 rules shall first be effective for the 1991-1992 school year ³³
9 consistent with the weight effective that year. ₃₄

10 (e) The commissioner shall conduct a cost-benefit comparison
11 between vocational education programs and mathematics and science
12 programs.

13 (f) [~~th~~] Out of the total statewide allotment for
14 vocational education under this section, the commissioner of
15 education shall set aside an amount specified in the General
16 Appropriations Act, which may not exceed an amount equal to one
17 percent of the total amount appropriated, to support regional
18 vocational education planning committees established under Section
19 21.115(b) of this code. After deducting the amount set aside under
20 this subsection from the total amount appropriated for vocational
21 education under this section, the commissioner shall reduce each
22 district's allotment in the same manner described for a reduction
23 in state funds under Section 16.254[~~td~~] of this code.

24 Sec. 16.156. TRANSPORTATION ALLOTMENT. (a) Each district
25 or county operating a transportation system is entitled to
26 allotments for transportation costs as provided by this section.

27 (b) As used in this section:

1 (1) "Regular eligible pupil" means a pupil who resides
2 two or more miles from his or her campus of regular attendance,
3 measured along the shortest route that may be traveled on public
4 roads, and who is not classified as an eligible handicapped pupil.

5 (2) "Eligible handicapped pupil" means a pupil who is
6 handicapped as defined in Section 21.503 of this code and who would
7 be unable to attend classes without special transportation
8 services.

9 (3) "Linear density" means the average number of
10 regular eligible pupils transported daily, divided by the approved
11 daily route miles traveled by the respective transportation system.

12 (c) Each district or county operating a regular
13 transportation system is entitled to an allotment based on the
14 daily cost per regular eligible pupil of operating and maintaining
15 the regular transportation system and the linear density of that
16 system. In determining the cost, the commissioner shall give
17 consideration to factors affecting the actual cost of providing
18 these transportation services in each district or county. The
19 average actual cost is to be computed by the commissioner of
20 education and included for consideration by the Foundation School
21 Fund Budget Committee and the legislature in the General
22 Appropriations Act. The allotment per mile of approved route may
23 not exceed the amount set by appropriation.

24 (d) A district or county may apply for and on approval of
25 the commissioner of education receive an additional amount of up to
26 10 percent of its regular transportation allotment to be used for
27 the transportation of children living within two miles of the

1 school they attend who would be subject to hazardous traffic
2 conditions if they walked to school. Each board of trustees shall
3 provide to the commissioner the definition of hazardous conditions
4 applicable to that district and shall identify the specific ³⁵/₃₆
5 hazardous areas for which the allocation is requested. A hazardous
6 condition exists where no walkway is provided and children must
7 walk along or cross a freeway or expressway, an underpass, an
8 overpass or a bridge, an uncontrolled major traffic artery, an
9 industrial or commercial area, or another comparable condition.

10 (e) The state commissioner of education may grant an amount
11 set by appropriation for private or commercial transportation for
12 eligible pupils from isolated areas. The need for this type of
13 transportation grant shall be determined on an individual basis and
14 the amount granted shall not exceed the actual cost. The grants
15 shall be made only in extreme hardship cases, and no grants shall
16 be made if the pupils live within two miles of an approved school
17 bus route.

18 (f) The cost of transporting vocational education students
19 from one campus to another inside a district or from a sending
20 district to another secondary public school for a vocational
21 program or an area vocational school or to an approved
22 post-secondary institution under a contract for instruction
23 approved by the Central Education Agency shall be reimbursed based
24 on the number of actual miles traveled times the district's
25 official extracurricular travel per mile rate as set by their local
26 board of trustees and approved by the Central Education Agency.

27 (g) A school district or county that provides special

1 transportation services for eligible handicapped pupils is entitled
2 to a state allocation paid on a previous year's cost-per-mile ³⁶
3 basis. The maximum rate per mile allowable shall be set by ₃₇
4 appropriation based on data gathered from the first year of each
5 preceding biennium. Districts may use a portion of their support
6 allocation to pay transportation costs, if necessary. The
7 commissioner of education may grant an amount set by appropriation
8 for private transportation to reimburse parents or their agents for
9 transporting eligible handicapped pupils. The mileage allowed
10 shall be computed along the shortest public road from the pupil's
11 home to school and back, morning and afternoon. The need for this
12 type transportation shall be determined on an individual basis and
13 shall be approved only in extreme hardship cases.

14 (h) The allocation for eligible regular students transported
15 by the regular transportation system shall be increased by five
16 percent for any district or county school board which has complied
17 with the provisions of Section 21.173 of this code in accordance
18 with rules adopted by the State Board of Education.

19 (i) Funds allotted under this section must be used in
20 providing transportation services.

21 (j) In the case of a district belonging to a county
22 transportation system, the district's transportation allotment for
23 purposes of determining a district's foundation school program
24 allocations shall be determined on the basis of the number of
25 approved daily route miles in the district multiplied by the
26 allotment per mile to which the county transportation system is
27 entitled. ³⁷₃₈

→ Insert F.A. 104

1 ~~[Sec. 16.158. CAREER LADDER ALLOTMENT. (a) Each district~~
2 ~~is entitled to an allotment for support of the career ladder equal~~
3 ~~to its unadjusted average daily attendance multiplied by \$90.~~
4 ~~[(b) An allotment under this section may be used only for~~
5 ~~the purposes of career ladder supplements.~~
6 ~~[(c) From the funds designated for that purpose, the~~
7 ~~district shall supplement the salary of each teacher above level~~
8 ~~one on the career ladder. The district shall decide the amount of~~
9 ~~supplement to be provided at each career ladder level.~~
10 ~~[(d) Money received under this section may not be used to~~
11 ~~supplement the salary of an employee for directing cocurricular or~~
12 ~~extracurricular activities.]~~

13 Sec. 16.159. GIFTED AND TALENTED STUDENT ALLOTMENT.
14 (a) For each student a school district serves in a Central
15 Education Agency approved program for gifted and talented students
16 under Subchapter Q, Chapter 21, of this code or, in the case of a
17 district that is developing a program in accordance with standards
18 established by the commissioner of education, for each student the
19 district identifies as gifted and talented under State Board of
20 Education criteria, a district is entitled to an annual allotment
21 equal to the district's adjusted basic allotment as determined ³⁸
22 under Section 16.102 or Section 16.103 of this code, as applicable, ₃₉
23 multiplied by .12 for each school year or a greater amount provided
24 by appropriation.

25 (b) Funds allocated under this section, other than the
26 amount that represents the program's share of general
27 administrative costs, must be used in providing approved programs

1 for gifted and talented students under Subchapter Q, Chapter 21, of
2 this code or, in the case of a district that has not yet
3 established a program, in developing programs for gifted and
4 talented students. Each district must account for the expenditure
5 of state funds as provided by rule of the State Board of Education.
6 If by the end of the 12th month after receiving an allotment for
7 developing a program a district has failed to implement an approved
8 program, the district must refund the amount of the allotment to
9 the agency within 30 days.

10 (c) Not more than five percent of a district's students in
11 average daily attendance are eligible for funding under this
12 section.

13 (d) If the amount of state funds for which school districts
14 are eligible under this section exceeds the amount of state funds
15 appropriated in any year for the programs, the commissioner of
16 education shall reduce each district's allotment on a pro rata
17 basis.

18 (e) If the total amount of funds allotted under this section
19 before a date set by rule of the State Board of Education is less ³⁹/₄₀
20 than the total amount appropriated for a school year, the
21 commissioner shall distribute the remainder proportionately to the
22 districts that have received an allotment, and no other districts
23 are eligible for an allotment for that school year.

24 (f) After each district has received allotted funds for this
25 program, the State Board of Education may use up to \$500,000 of the
26 funds allocated under this section for programs such as Future
27 Problem Solving Olympics of the Mind, and Academic Decathlon, as

1 long as these funds are used to train personnel and provide program
2 services. To be eligible for funding under this section, a program
3 must be determined by the State Board of Education to provide
4 services that are effective and consistent with the state plan for
5 gifted and talented education.

6 Sec. 16.160. TECHNOLOGY FUNDS. (a) Developmental and
7 technology allotment allocations under the provisions of Chapter 14
8 are included in the Foundation School Program.

9 (b) Each district shall be allotted the amount specified in
10 Section 14.063 of this code after deductions by the commissioner of
11 education for the purposes of financing programs authorized under
12 Subchapter C, Chapter 14, of this code.

13 SUBCHAPTER F. ACCOUNTABLE COSTS OF EDUCATION

14 Sec. 16.201. PURPOSE. The accountable costs of education
15 studies are designed to support the development of the equalized
16 funding elements necessary to provide an efficient state and local
17 public school finance system which meets the state policy ⁴⁶/₄₁
18 established in Section 16.001 of this code and provides the
19 research basis for the equalized funding elements under the
20 provisions of Section 16.256 of this code.

21 Sec. 16.202. STUDIES. On a biennial basis, the Legislative
22 Education Board and the Legislative Budget Board, with the
23 assistance of the Educational Economic Policy Center and the
24 Central Education Agency, shall complete each of the following
25 studies and develop recommended amounts where appropriate for each
26 year of the next biennium:

27 (1) a study of the fiscal neutrality of the system to

1 determine the status of the state and local finance system with
2 regard to the policies established under the provisions of Section
3 16.001 of this code, including recommendations for adjustments
4 necessary to maintain fiscal neutrality;

5 (2) the accountable costs per student to school
6 districts of providing educational programs, personnel, and other
7 operating costs that meet accreditation criteria and the provisions
8 of law and regulation;

9 (3) program cost differentials designed by program to
10 provide support for the added expense of high-cost courses or
11 programs for students participating in such courses or programs,
12 with the program funding level expressed as dollar amounts and as
13 weights applied to the adjusted basic allotment for the appropriate
14 year;

FA. 13 (5) (4) transportation ^{and career ladder} ~~and career ladder~~ allotments; 41/42

16 (5) the levels of tax effort necessary for each tier
17 of the Foundation School Program necessary to fulfill the
18 requirements of Sections 16.001 and 16.008 of this code; and

19 (6) capital outlay and debt service requirements and
20 formula elements for the requirements of Subchapter I of this
21 chapter or other provisions of this chapter.

22 Sec. 16.203. PROCEDURES. (a) The program cost
23 differentials developed jointly by the Legislative Education Board
24 and the Legislative Budget Board shall be submitted to the
25 foundation school fund budget committee for adoption beginning with
26 the 1993-1994 school year. If the foundation school fund budget
27 committee fails to adopt by April 1 the program cost differentials

1 for the following school year, the commissioner of education, after
2 considering the recommendations developed by those boards, shall
3 adopt program cost differentials.

4 (b) The commissioner of education shall provide appropriate
5 assistance to the boards for the calculation of the various funding
6 elements. Subject to review by the Legislative Education Board,
7 the commissioner of education shall retain from the allotments
8 under Sections 16.102 and 16.103 of this code and Subchapter D of
9 this chapter amounts appropriate to finance necessary additional
10 costs for the studies required under this subchapter.

11 (c) The boards may appoint advisory committees to assist in
12 the development of the various funding elements and studies
13 required under this subchapter. Advisory committee members serve ⁴²/₄₃
14 without compensation but are entitled to reimbursement for actual
15 and necessary expenses incurred in the performance of their duties.
16 Reimbursement shall be from funds available under Subsection (b) of
17 this section or from other funds available to the boards.

18 (d) In the studies relating to program cost differentials
19 the boards shall give special consideration to cost factors
20 associated with class size, laboratory expenses, materials,
21 equipment, teacher training, necessary salary supplementation, and
22 special services related to individual courses or groups of
23 courses.

24 [~~Sec.--16.204.--NAVAL-MILITARY--FACILITY--IMPACT.----(a)---The~~
25 ~~model-on-which-a-cost-of-education-index-is-based-must-specifically~~
26 ~~consider-the-impact-of-a-significant-new-naval-military-facility-on~~
27 ~~each-district-in-an-impacted-region.~~]

1 [(b)--If--the--construction-or-operation-of-a-significant-new
2 naval--military--facility--begins--during--a---school---year,---the
3 Legislative--Education-Board-and-the-Legislative-Budget-Board-shall
4 recommend-the-adjustment-of-the-basic-allotment-during-that--school
5 year--to--consider--any--impact--of--the--facility--on--the-cost-of
6 education-index-of-the-districts-in-the-impacted-region.]

7 [(c)--In--this--section,--"significant--new--naval---military
8 facility"--and--"impacted--region"--have--the--meanings-assigned-by
9 Section-4, Article-1, National-Defense-Impacted--Region--Assistance
10 Act-of-1985-(Article-689a-4d, Vernon's-Texas-Civil-Statutes).]

11 [(d)--This-section-expires-September-1, 1993.] ¹³₁₄

12 Sec. 16.205. ^{Insert Floor Am. # 6} [EFFICIENCY IN ADMINISTRATION REPORT. (a) The
13 commissioner of education shall conduct a study to determine the
14 most appropriate and efficient method for reporting and monitoring
15 the allocation of resources by school districts.]

16 [(b) The study shall identify the most effective means for
17 calculating, monitoring, and reporting the proportion of resources
18 that school districts allocate for their administrative costs and
19 shall include administrator-teacher ratios.]

20 [(c) The study shall include a description of average
21 efficient administrative expenditures by districts with
22 consideration of district size and demographics.]

23 [(d) Prior to the beginning of each regular session of the
24 legislature, the agency shall provide a report with recommendations
25 to the Legislative Education Board and the legislature.]

26 [(e) The study is an element of the study of accountable
27 costs of education under this subchapter.]

1 [Sec.--16.206.--COST----ADJUSTMENTS.-----{a)--The---lieutenant
2 governor--shall--appoint--five--members--of--the--senate--and--the--speaker
3 of--the--house--of--representatives--shall--appoint--five--members--of--the 47
4 house--to--a--committee--to--conduct--a--study--of--certain--costs--of 48
5 providing--public--education--as--provided--by--this--section.--The
6 lieutenant-governor--and--the--speaker--shall--make--the--appointments--not
7 later--than--September--17--1991--

8 [{b)--The--committee--shall--examine--methods--of--adjusting--for
9 specific--resource--cost--variations--caused--by--factors--beyond--the
10 control--of--school--districts.---The--committee--shall---recommend
11 adjustments--for--these--factors--that--will--provide--the--most--efficient
12 service--delivery--considering--optimum--district--size,--enrollment
13 growth,--and--other--cost--factors.--For--the--purpose--of--the--study,--the
14 committee--shall--divide--districts--and--campuses--into--a--variety--of
15 categories---that---may---include---region,--size,--area,--density,
16 educational--characteristics,--and--economic--conditions--

17 [{c)--The--committee--may--appoint--one--or--more--advisory--panels
18 to--assist--the--committee--in--conducting--the--study.--Advisory--panel
19 members--serve---without---compensation---but---are---entitled---to
20 reimbursement--for--actual--and--necessary--expenses--incurred--in--the
21 performance--of--their--duties--

22 [{d)--The--committee--shall--recommend--adjustments--to---the
23 Foundation--School--Program--for--resource--cost--variations--caused--by
24 factors--beyond--the--control--of--school--districts--to--the--foundation
25 school--fund--budget--committee--not--later--than--June--17--1992.--The
26 adjustments--shall--include--

27 [{1)--an--adjustment--to--account--for--fast--enrollment

1 growth--and--other--factors--relevant--to--a--district's--need--for ⁴⁸/₄₉
2 facilities; and

3 [(2)--appropriate---treatment--of--the--calculation--of
4 weighted-students-under-Section-16.302-of-this-code-

5 [(e)--The-foundation-school-fund--budget--committee--by--rule
6 shall--adopt--adjustments--to--the--Foundation--School--Program-for
7 resource-cost-variations-beyond-the-control-of-school-districts--to
8 apply--beginning--with--the--1993-1994-school-year---The-foundation
9 school-fund-budget-committee-shall-report-the--adjustments--adopted
10 to--the--legislature--and--the--commissioner--of-education---If-the
11 foundation--school--fund--budget--committee--fails--to--adopt---the
12 adjustments--by--November-1,-1992,-the-commissioner-of-education-by
13 rule-shall-adopt-adjustments-not-later-than-December-1,-1992-

14 [(f)--The-rules--adopted-under-this-section--apply--beginning
15 with-the-1993-1994-school-year---If-no-rules-are-adopted-under-this
16 section,-the--basic-allotment-calculated-under-Sections-16.008-and
17 16.256(e)-of-this-code-shall-be--increased--to--reflect--the--costs
18 associated-with-the-adjustments-made-by-the-cost-of-education-index
19 and-formula-for-the-1992-1993-school-year-]

20 SUBCHAPTER G. FINANCING THE PROGRAM

21 Sec. 16.251. FINANCING; GENERAL RULE. (a) The sum of the
22 basic allotment under Subchapter C, the special allotments under
23 Subchapter D, and the guaranteed yield allotments under Subchapter
24 H, computed in accordance with the provisions of this chapter,
25 constitute the total cost of the Foundation School Program. ⁴⁹/₅₀

26 (b) The program shall be financed by:

27 (1) ad valorem tax revenue generated by an equalized

1 uniform school [county-education] district effort;

2 (2) ad valorem tax revenue generated by local school
3 district effort in excess of the equalized uniform school [county
4 education] district effort;

5 (3) state available school funds distributed in
6 accordance with law; and

7 (4) state funds appropriated for the purposes of
8 public school education and allocated to each district in an amount
9 sufficient to finance the cost of each district's Foundation School
10 Program not covered by other funds specified in this subsection.

11 (c) The commissioner of education shall compute for each
12 school district the total amount, if any, by which the district's
13 total revenue is reduced from one school year to the next because
14 of a change in the method of finance under this chapter. The
15 commissioner shall certify the amount of the reduction to the
16 school district for use in determining the school district's
17 rollback rate under Section 26.08, Tax Code.

18 Sec. 16.252. LOCAL SHARE OF PROGRAM COST (TIER ONE).

19 (a) Each school [county--education] district's share of the
20 Foundation School Program shall be an amount determined by the
21 following formula:

22
$$LFA = TR \times DPV \frac{50}{51}$$

23 where:

24 "LFA" is the [county-education] district's tier one local
25 share;

26 "TR" is a tax rate which for each hundred dollars of
27 valuation is \$0.90 [~~\$0.72-for-the-1991-1992-school-year,~~ ~~\$0.82--for~~

1 the-1992-1993-school-year,-\$0.92-for-the-1993-1994-school-year,-and
2 \$1.00-for-each-school-year-thereafter]; and

3 "DPV" is the taxable value of property in the [county
4 education] district for the prior tax year determined under Section
5 11.86 of this code.

6 (b) The commissioner of education shall adjust the values
7 reported in the official report of the comptroller as required by
8 Section 5.09(a), [Property] Tax Code, to reflect reductions in
9 taxable value of property resulting from natural or economic
10 disaster after January 1 in the year in which the valuations are
11 determined. The decision of the commissioner of education shall be
12 final. An adjustment does not affect the local fund assignment of
13 any other school [county-education] district.

14 (c) Appeals of district values shall be held pursuant to
15 Subsection (e) of Section 11.86 of this code.

16 (d) A school [county--education] district shall raise its
17 total local share of the foundation school program. [The--funds
18 shall--be--reallocated--to--the--school--districts--in--the--county
19 education-district-in-the-manner-prescribed-by-Subchapter-3-of-this
20 chapter.] ⁵¹/₅₂

21 (e) The commissioner of education shall hear appeals from
22 school [county-education] districts which have experienced a rapid
23 decline in tax base used in calculating the local fund assignment,
24 exceeding eight percent of prior year, that is beyond the control
25 of the board of trustees of the school [county-education] district.
26 The commissioner of education may adjust the school [county
27 education] district's taxable values for local fund assignment

1 purposes for such losses in value exceeding eight percent and
2 thereby adjust the local fund assignment to reflect the local
3 current year taxable value. The decision of the commissioner of
4 education shall be final. An adjustment does not affect the local
5 fund assignment of any other school [~~county-education~~] district.

6 Sec. 16.254. DISTRIBUTION OF FOUNDATION SCHOOL FUND. ^(a)~~(a)~~

7 For each school year the commissioner of education shall determine:

8 (1) the amount of money to which a school district is
9 entitled under Subchapters C and D of this chapter;

10 (2) the amount of money to which a school district is
11 entitled under Subchapter H of this chapter;

12 (3) the amount of money allocated to the district from
13 the available school fund;

14 (4) the amount of each district's tier one local share
15 under Section 16.252 of this code; and

16 (5) the amount of each district's tier two local share
17 under Section 16.303 of this code. ⁵²₅₃

18 (b) The commissioner shall base the determinations under
19 Subsection (a) of this section on the estimates provided to the
20 legislature under Section 16.2541 of this code for each school
21 district for each school year or different estimates provided by
22 the General Appropriations Act.

23 (c) Each school district is entitled to an amount equal to
24 the difference for that district between the sum of Subsections
25 (a)(1) and (a)(2) of this section and the sum of Subsections
26 (a)(3), (a)(4), and (a)(5) of this section.

27 (d) The commissioner shall approve warrants to each school

1 district equaling the amount of its entitlement except as provided
2 by this section. Warrants for all money expended according to this
3 chapter shall be approved and transmitted to treasurers or
4 depositories of school districts in the same manner that warrants
5 for state payments are transmitted.

6 (e) The commissioner shall recompute the amount to which the
7 district is entitled under Subsection (c) of this section if a
8 school district's tax rate is less than the limit authorized under
9 this subsection. For a district with a taxable value of property
10 per weighted student in average daily attendance that is equal to
11 or greater than the average value for a school district in this
12 state, as determined under Section 11.86 of this code, the amount
13 to which the district is entitled under this section may not exceed
14 the amount to which the district would be entitled at the 53
15 district's tax rate for the final year of the preceding biennium, 54
16 or a different tax rate provided by appropriation. For a district
17 with a taxable value of property per weighted student in average
18 daily attendance of zero, the amount to which the district is
19 entitled under this section may not exceed the amount to which the
20 district is entitled at the district's tax rate for the current
21 year up to the limit of a rate that is a \$0.10 increase in rate
22 over the last year of the preceding biennium. For other districts
23 with a taxable value of property per weighted student in average
24 daily attendance that is lower than the state average, the
25 commissioner of education shall provide for a proportionately lower
26 limit under this section based on each district's taxable value of
27 property so that the closer a district's taxable value of property

1 per weighted student in average daily attendance is to the state
2 average, the lower the limit. The commissioner annually shall
3 certify to districts with a taxable value of property per weighted
4 student in average daily attendance that is lower than the state
5 average, the amount of district revenue within the limit prescribed
6 under this section. The commissioner shall recompute the amount to
7 which a district is entitled to the extent necessary under this
8 section. The commissioner shall approve warrants to the school in
9 the amount that results from the new computation. An amount equal
10 to the difference between the initial allocation and the amount of
11 the warrants shall be transferred to a special account in the
12 foundation school fund known as the reserve account. 55

13 (f) Amounts transferred to the reserve account under
14 Subsection (e) of this section shall be used in the succeeding
15 fiscal year to finance increases in allocations to school districts
16 under Subsection (i) of this section. If the amount in the reserve
17 account is less than the amount of the increases under Subsection
18 (i) of this section for the second year of a state fiscal biennium,
19 the commissioner shall certify the amount of the difference to the
20 foundation school fund budget committee not later than January 1 of
21 the second year of the state fiscal biennium. The committee shall
22 propose to the legislature that the certified amount be transferred
23 to the foundation school fund from the economic stabilization fund
24 and appropriated for the purpose of increases in allocations under
25 Subsection (h) of this section.

26 (g) If a school district demonstrates to the satisfaction of
27 the commissioner that the estimate of the district's tax rate,

1 student enrollment, or taxable value of property used in
2 determining the amount of state funds to which the district is
3 entitled are so inaccurate as to result in undue financial hardship
4 to the district, the commissioner may adjust funding to that
5 district in that school year to the extent that funds are available
6 for that year, including funds in the reserve account. Funds in
7 the reserve account may not be used under this subsection until any
8 reserve funds have been used for purposes of Subsection (f) of this
9 section.

10 (h) If the legislature fails during the regular session to
11 enact the transfer and appropriation proposed under Subsection (f)
12 of this section and there are not funds available under Subsection
13 (j) of this section, the commissioner shall reduce the total amount
14 of state funds allocated to each district by an amount determined
15 by a method under which the application of the same number of cents
16 of increase in tax rate in all districts applied to the taxable
17 value of property of each district, as determined under Section
18 11.86 of this code, results in a total levy equal to the total
19 reduction. The following fiscal year, a district's entitlement
20 under this section is increased by an amount equal to the reduction
21 made under this subsection.

22 (i) Not later than March 1 each year, the commissioner shall
23 determine the actual amount of state funds to which each school
24 district is entitled under the allocation formulas in this chapter
25 for the current school year and shall compare that amount with the
26 amount of the warrants issued to each district for that year. If
27 the amount of the warrants differs from the amount to which a

1 district is entitled because of variations in the district's tax
2 rate, student enrollment, or taxable value of property, the
3 commissioner shall adjust the district's entitlement for the next
4 fiscal year accordingly.

5 (j) The legislature may appropriate funds necessary for
6 increases under Subsection (i) of this section from funds that the
7 comptroller, at any time during the fiscal year, finds are
8 available. ^{56/}₅₇

9 (k) The commissioner shall compute for each school district
10 the total amount by which the district's allocation of state funds
11 is increased or reduced under Subsection (i) of this section and
12 shall certify that amount to the district.

13 (l) The commissioner shall compute for each school district
14 the total amount, if any, by which the district's total revenue is
15 reduced from one school year to the next because of a change in the
16 method of finance under this chapter. The commissioner shall
17 certify the amount of the reduction to the school district for use
18 in determining the school district's rollback rate under Section
19 26.08, Tax Code.

20 (m) In this section, the number of weighted students in
21 average daily attendance is calculated in the manner provided by
22 Section 16.302 of this code.

23 Sec. 16.2541. ESTIMATES REQUIRED. (a) Not later than
24 October 1 of each even-numbered year:

25 (1) the Central Education Agency shall submit to the
26 foundation school fund budget committee and the legislature an
27 estimate of the tax rate and student enrollment of each school

1 district for the following biennium; and

2 (2) the comptroller shall submit to the foundation
3 school fund budget committee and the legislature an estimate of the
4 total taxable value of all property in the state as determined
5 under Section 11.86 of this code for the following biennium.

6 (b) The Central Education Agency and the comptroller shall
7 update the information provided to the legislature under Subsection
8 (a) of this section not later than March 1 of each odd-numbered
9 year. ^{57/58} ~~[(a) The--commissioner--of---education---shall---determine~~

10 ~~annually;~~

11 ~~[(1)--the--amount--of--money--necessary--to--operate--a~~
12 ~~Foundation-School-Program-in-each-school-district;~~

13 ~~[(2)--the-amount-of-local-funds-due-the-school-district~~
14 ~~from--the--local--fund-assignment-of-the-county-education-district;~~
15 ~~and~~

16 ~~[(3)--the--amount--of--state--available--school---funds~~
17 ~~distributed-to-each-school-district;~~

18 ~~[(b)--The--commissioner-of-education-shall-then-grant-to-each~~
19 ~~school-district-from-the-Foundation--School--Program--appropriation~~
20 ~~the--amount--of--funds--necessary-to-provide-the-difference-between~~
21 ~~Subdivision-(1)--and--the--sum--of--Subdivisions--(2)--and--(3)--of~~
22 ~~Subsection-(a)-of-this-section;~~

23 ~~[(c)--The--commissioner-shall-approve-warrants-to-each-school~~
24 ~~district-equaling-the-amount-of-its-grant.--Warrants-for-all--money~~
25 ~~expended--according--to--the--provisions--of--this-chapter-shall-be~~
26 ~~approved-and-transmitted-to-treasurers-or--depositories--of--school~~
27 ~~districts--in--the--same-manner-as-warrants-for-state-apportionment~~

are-transmitted-

[(d) --Notwithstanding any other provision of this chapter, if for any year the total state's share of the Foundation School Program, as determined under this chapter, exceeds the total amount appropriated for that year, the commissioner shall reduce the total amount of state funds allocated to each district by an amount determined by a method under which the application of the same number of cents of increase in tax rate applied to the taxable value of property of each district, as determined under Section 11-86 of this code, results in a levy for each district equal to the amount deducted from that district's allocation.

[(e) --The commissioner of education shall compute for each school district the total amount by which the district's allocation of state funds is reduced under Subsection (d) of this section and shall certify that amount to the district.]

Sec. 16.255. FALSIFICATION OF RECORDS; REPORT. (a) When, in the opinion of the director of school audits of the Central Education Agency, audits or reviews of accounting, enrollment, or other records of a school district reveal deliberate falsification of the records, or violation of the provisions of this chapter, whereby the district's share of state funds allocated under the authority of this chapter would be, or has been, illegally increased, the director shall promptly and fully report the fact to the State Board of Education and the state auditor.

(b) In the event of overallocation of state funds, as determined by the State Board of Education or the state auditor by reference to the director's report, the Central Education Agency

1 shall, by withholding from subsequent allocations of state funds,
2 recover from the district an amount, or amounts, equal to the
3 overallocation. ^{59/}40

4 Sec. 16.256. FOUNDATION SCHOOL FUND BUDGET COMMITTEE.

5 (a) The foundation school fund budget committee is composed of the
6 governor, the lieutenant governor, and the comptroller [~~of--public~~
7 ~~accounts~~].

8 (b) On or before December [November] 1 before each regular
9 session of the legislature, the budget committee shall determine
10 and certify to the comptroller [~~of-public-accounts~~] an amount of
11 money to be placed in the foundation school fund for the succeeding
12 biennium for the purpose of financing the Foundation School Program
13 as described in this code.

14 (c) The budget committee may, during the biennium, change
15 the estimate of money necessary to finance the Foundation School
16 Program.

17 (d) The foundation school fund budget committee shall adopt
18 rules for the calculation for each year of a biennium of the
19 qualified funding elements necessary to achieve the state funding
20 policy under Section 16.001 of this code not later than the
21 1994-1995 school year and for each year thereafter. In the
22 calculation of these funding elements, the committee shall consider
23 the report of the Legislative Education Board prescribed under
24 Section 16.008 of this code.

25 (e) The funding elements shall include:

26 (1) a basic allotment for the purposes of Section
27 16.101 of this code that represents the cost per student of a

1 regular education program that meets the basic criteria for an ^{60/}₆₁
2 accredited program including all mandates of law and regulation;

3 (2) adjustments designed to reflect the variation in
4 known resource costs and costs of education beyond the control of
5 school districts;

6 (3) appropriate program cost differentials and other
7 funding elements for the programs authorized under Subchapter D of
8 this chapter, with the program funding level expressed as dollar
9 amounts and as weights applied to the adjusted basic allotment for
10 the appropriate year;

11 (4) the maximum guaranteed level of qualified state
12 and local funds per student for the purposes of Subchapter H of
13 this chapter;

14 (5) the enrichment and facilities tax rate under
15 Subchapter H of this chapter;

16 (6) the formula elements for the funding formulas for
17 capital outlay and debt service under the provision of Subchapter I
18 of this chapter; and

19 (7) the calculation of weighted students in average
20 daily attendance under Section 16.302 of this code.

21 (f) Not [~~Beginning--in--1992,--not~~] later than December
22 [~~November~~] 1 preceding each regular session of the legislature, the
23 foundation school fund budget committee by rule shall adopt and
24 report the equalized funding elements calculated under this section
25 to the commissioner of education and the legislature. Before the
26 committee adopts the elements, the committee or the committee's ^{91/}₄₂
27 designees shall hold a public hearing on the recommendations of the

1 Legislative Education Board.

2 [~~(g)---Notwithstanding---other---provisions-of-this-section,---the~~
3 ~~funding-elements-adopted---by---the---foundation---school---fund---budget~~
4 ~~committee---for---the---1993-1994-school-year-and-the-1994-1995-school~~
5 ~~year-shall-provide-for-appropriate-transition-from-the---program---in~~
6 ~~effect-for-the-1992-1993-school-year.]~~

7 Sec. 16.258. EFFECT OF APPRAISAL APPEAL. (a) If the final
8 determination of an appeal under Chapter 42, Tax Code, results in a
9 reduction in the taxable value of property that exceeds five
10 percent of the total taxable value of property in the school
11 district for the same tax year determined under Section 11.86 of
12 this code, the commissioner of education shall request the
13 comptroller to adjust its taxable property value findings for that
14 year consistent with the final determination of the appraisal
15 appeal.

16 (b) If the district would have received a greater amount
17 from the foundation school fund for the applicable school year
18 using the adjusted value, the commissioner shall add the difference
19 to subsequent distributions to the district from the foundation
20 school fund. An adjustment does not affect the local fund
21 assignment of any other district.

22 Sec. 16.260. FOUNDATION SCHOOL FUND TRANSFERS. (a) In this
23 section:

24 (1) "Category 1 school district" means a school^{62/}₆₃
25 district having a wealth of less than one-half of the statewide
26 average wealth.

27 (2) "Category 2 school district" means a school

1 district having a wealth of at least one-half of the statewide
2 average wealth per pupil but not more than the statewide average
3 wealth.

4 (3) "Category 3 school district" means a school
5 district having a wealth of more than the statewide average wealth.

6 (4) "Wealth" means the taxable property values
7 reported by the comptroller to the commissioner of education under
8 Section 16.252 of this code divided by the number of students in
9 average daily attendance.

10 (b) Payments from the foundation school fund to each
11 category 1 school district shall be made as follows:

12 (1) 21 percent of the yearly entitlement of the
13 district shall be paid in two equal installments to be made on or
14 before the 25th day of September and October of a fiscal year;

15 (2) 57 percent of the yearly entitlement of the
16 district shall be paid in six equal installments to be made on or
17 before the 25th day of November, December, January, February,
18 March, and July; and

19 (3) 22 percent of the yearly entitlement of the
20 district shall be paid in two equal installments to be made on or
21 before the 25th day of April and May.

22 (c) Payments from the foundation school fund to each ^{63/}64
23 category 2 school district shall be made as follows:

24 (1) 21 percent of the yearly entitlement of the
25 district shall be paid in two equal installments to be made on or
26 before the 25th day of September and October of a fiscal year;

27 (2) 38 percent of the yearly entitlement of the

1 district shall be paid in four equal installments to be made on or
2 before the 25th day of November, December, March, and July;

3 (3) seven percent of the yearly entitlement of the
4 [school] district shall be paid in two equal installments to be
5 made on or before the 25th day of January and February;

6 (4) 22 percent of the yearly entitlement of the
7 [school] district shall be paid in two equal installments to be
8 made on or before the 25th day of April and May; and

9 (5) 12 percent of the yearly entitlement of the
10 [school] district shall be paid in two equal installments to be
11 made on or before the 25th day of June and August.

12 (d) Payments from the foundation school fund to each
13 category 3 school district shall be made as follows:

14 (1) 21 percent of the yearly entitlement of the
15 district [school] shall be paid in two equal installments to be
16 made on or before the 25th day of September and October of a fiscal
17 year;

18 (2) 57 percent of the yearly entitlement of the
19 district [school] shall be paid in six equal installments to be
20 made on or before the 25th day of November, December, March, June, ^{44/}₄₅
21 July, and August; and

22 (3) 22 percent of the yearly entitlement of the
23 [school] district shall be paid in two equal installments to be
24 made on or before the 25th day of April and May.

25 (e) The amount of any installment required by this section
26 may be modified to provide a school district with the proper amount
27 to which the district may be entitled by law and to correct errors

1 in the allocation or distribution of funds. If an installment
2 under this section is required to be equal to other installments,
3 the amount of other installments may be adjusted to provide for
4 that equality. A payment under this section is not invalid because
5 it is not equal to other installments.

6 SUBCHAPTER H. GUARANTEED YIELD PROGRAM (TIER TWO)

7 Sec. 16.301. PURPOSE. The purpose of the guaranteed yield
8 component of the Foundation School Program is to provide each
9 school district with the opportunity to supplement the basic
10 program at a level of its own choice and with access to additional
11 funds for facilities. An allotment under this subchapter may be
12 used for any legal purpose, including capital outlay and debt
13 service.

14 Sec. 16.302. ALLOTMENT. (a) For each weighted student in
15 average daily attendance, each [Each] school district is guaranteed
16 a specified amount [per-weighted-student] in state and local funds
17 for each cent of tax effort over the tax effort [that] required for
18 the tier one local fund assignment under Section 16.252 of this
19 code [of-the-county-education-district-in-which-the-school-district
20 is--located] up to the maximum level specified in this subchapter.
21 For each cent of tax effort under this section up to 30 cents, a
22 district is entitled to an amount equal to \$20 per weighted student
23 in average daily attendance. For each incremental cent of that tax
24 effort greater than 30 cents and up to 60 cents, a district is
25 entitled to an amount per weighted student in average daily
26 attendance based on the following formula:

27
$$\underline{GY = \$20 - ((\$3/30) \times DTR)}$$

1 where:

2 "GY" is the amount guaranteed per weighted student in average
3 daily attendance for each incremental cent of tax effort greater
4 than 30 cents, up to 60 cents; and

5 "DTR" is the incremental cent of tax effort greater than 30
6 cents that applies to the given guaranteed yield amount. [The
7 amount-of-state-support, subject-only-to-the-maximum--amount--under
8 Section-16.303-of-this-code, is-determined-by-the-formula:

9
$$[GYA--(GB-X-WADA-X-DTR-X-100)^{1/2}]_{LR}$$

10 where:

11 ["GYA"--is--the--guaranteed-yield-amount-of-state-funds-to-be
12 allocated-to-the-district;

13 ["GB"--is-the-dollar-amount--guaranteed--level--of--state--and
14 local--funds--per-weighted-student-per-cent-of-tax-effort, which-is
15 \$21.50-for-the-1991-1992-school--year,--\$22.50--for--the--1992-1993
16 school--year,--\$26--for-the-1993-1994-school-year, and-\$28-for-each
17 school-year-thereafter, or-a-greater-amount-for-any--year--provided
18 by--appropriation,--or--a--greater-amount-adopted-by-the-foundation
19 school-fund-budget-committee-under-Section-16.256(d)-of--this--code
20 for-the-1993-1994-or-1994-1995-school-year-or-thereafter;]

21 Insert F.A. 16
(b) In this section, ["WADA", except as provided by Section
22 16.206-of-this-code, is] the number of weighted students in average
23 daily attendance[, which] is calculated by dividing the sum of the
24 school district's allotments under Subchapters C and D of this
25 chapter, less any allotments to the district for transportation[,
26 career--ladder--supplements,] or technology and 50 percent of the
27 adjustment under Section 16.102 of this code, by the basic

1 ~~allotment for the applicable year.~~ (7) R

2 (c) The funding elements provided by this section may be
3 increased by the foundation school fund budget committee or
4 modified by appropriation. L5

5 ["BTR"--is-the-district-enrichment-and-facilities-tax-rate-of
6 the-school-district,--which-is--determined--by--dividing--the--total
7 amount-of-taxes-collected-by-the-school-district-for-the-applicable
8 school--year--by--the--quotient--of-the-district's-taxable-value-of
9 property-as-determined-under-Section-11.86-of-this-code-divided--by
10 100;--and

11 ["BR"---is---the---local---revenue,--which--is--determined--by
12 multiplying-"BTR"--by-the-quotient-of-the-district's--taxable--value
13 of--property-as-determined-under-Section-11.86-of-this-code-divided
14 by-100. L7/L8

15 [(b)--Beginning--with--the--1993-1994--school--year,--if--the
16 program-cost-differentials-developed--jointly--by--the--Legislative
17 Education--Board--and--the--Legislative--Budget-Board-under-Section
18 16.203-of-this-code--and--the--adjustments--studied--under--Section
19 16.206--of--this-code-are-not-adopted-by-the-foundation-school-fund
20 budget-committee-or--the--commissioner--of--education,--the--amount
21 guaranteed--under--this-section-is-an-amount-per-student-rather-than
22 per--weighted--student--and--a--school--district's--average---daily
23 attendance-{"ADA"}-under-Section-16.006-of-this-code-is-substituted
24 for-"WADA"--in-the-formula-under-Subsection-(a)-of-this-section.]

25 Sec. 16.303. LOCAL SHARE OF PROGRAM COST (TIER TWO). Each
26 school district's share of program costs under this subchapter
27 shall be an amount determined by the following formula:

$$\text{LFA} = \text{TR} \times (\text{DPV}/100)$$

where:

"LFA" is the district's tier two local share;

"TR" is the district's tax rate under Section 16.302 of this code; and

"DPV" is the taxable value of property in the district for the prior tax year determined under Section 11.86 of this code.

[LIMITATION-ON-ENRICHMENT-AND-FACILITIES-TAX-RATE-----The--district enrichment--and-facilities-tax-rate--{"DTR"}--under-Section-16.302-of this-code-may-not-exceed-\$0.45-or-a-greater--amount--for--1993-1994 and--1994-1995--school--years--or--thereafter--as--adopted--by--the foundation--school-fund-budget-committee-under-Section-16.256(d)-of ^{LS/} this-code.]

Sec. 16.304. COMPUTATION OF AID FOR DISTRICT ON MILITARY RESERVATION OR AT STATE SCHOOL. State assistance under this subchapter for a school district located on a federal military installation or at Moody State School is computed using the average tax rate and property value per student of school districts in the county, as determined by the commissioner of education.

SUBCHAPTER I. CAPITAL OUTLAY AND DEBT SERVICE

Sec. 16.401. INVENTORY OF SCHOOL FACILITIES. (a) The State Board of Education shall establish a statewide inventory of school facilities and shall update the inventory on a periodic basis.

(b) The inventory shall include information on the condition, use, type, and replacement cost of public school facilities in this state.

Sec. 16.402. STANDARDS. The State Board of Education shall

1 establish standards for adequacy of school facilities. The
2 standards shall include requirements related to space, educational
3 adequacy, and construction quality. All facilities constructed
4 after September 1, 1992, must meet the standards in order to be
5 financed with state or local tax funds.

6 Sec. 16.403. ADVISORY COMMITTEE. The State Board of
7 Education shall appoint a committee composed of 15 persons
8 knowledgeable of various aspects of school facility planning,
9 construction, renovation, and financing. The advisory committee
10 shall provide the board and the commissioner with assistance on the ^{49/70}
11 development of the inventory system, the creation of facility
12 standards, and the conduct of facility research related to current
13 and future roles of the state in the provision of financial and
14 technical assistance to school districts. The members of the
15 committee shall serve without compensation but may be reimbursed
16 for actual and necessary expenses.

17 [SUBCHAPTER-J---COUNTY-EDUCATION-DISTRICT-DISTRIBUTIONS

18 [Sec.--16.501---TIER-ONE---(a)---The-commissioner-of--education
19 shall--notify--each-county-education-district-of-the-total-amount-of
20 funds-that--each-school-district-in-the-county-education-district-is
21 entitled-to--receive--under--tier--one--of--the--Foundation--School
22 Program-

23 [(b)---For--tier--one,--the--board--of-trustees-of-each-county
24 education-district-shall-distribute-the-funds--collected--from--the
25 tax-levied-by-the-county-education-district-under-Section-20-945-of
26 this-code-to-the-school-districts-in-the-county-on-the-basis-of-the
27 component--districts'-share-of-the-taxable-value-of-property-of-the

1 county-education-district-with--the--provision--that--no--component
2 district-shall-receive-funds-in-excess-of-the-cost-of-tier-one-less
3 the-distribution-of-the-available-school-fund.

4 [(c) (1) --Notwithstanding--Subsection-(b)-of-this-section,-for
5 the-1991-1992,-1992-1993,-and-1993-1994-school-years,-for-tier--one
6 the--board--of--trustees--of--each--county-education-district-shall
7 distribute-the-funds-collected-from-the-tax-levied--by--the--county
8 education--district-under-Section-20.945-of-this-code-to-the-school ^{79/91}
9 districts-in-the-county-education-district-as-follows:

10 [(A) --to-those--school--districts--that--did--not
11 receive--foundation--school--funds-for-the-1990-1991-school-year-in
12 which-the-amount-of-revenue-per-weighted-student-from--local--funds
13 and-the-available-school-fund-for-the-1990-1991-school-year-exceeds
14 the--total--amount--of--revenue--per--weighted-student-to-which-the
15 district-is-entitled-under-the-Foundation-School-Program-at--a--tax
16 rate--equal--to-the-maximum-tax-rate-authorized-under-Section-20.09
17 of-this-code,-the-county-education--district--shall--distribute--an
18 amount--equal--to--the-difference-between-the-amount-of-revenue-per
19 weighted-student-in-the-district-in-the-1990-1991-school-year--from
20 local-funds-and-the-available-school-fund-and-the-levy-that-results
21 from--the--application-of-the-maximum-rate-authorized-under-Section
22 20.09-of-this-code-to-the-district's-taxable-value-of-property,-and

23 [(B) --the--county--education--district--shall
24 apportion-the-remaining-funds-collected-from-the-tax-levy--to--each
25 school--district--in--the-county-education-district-on-the-basis-of
26 the-component-districts'-share-of-the-taxable-value-of-property--of
27 the--county-education-district-with-the-provision-that-no-component

1 district-shall-receive-funds-in-excess-of-the-cost-of-tier-one-less
2 the-distribution-of-the-available-school-fund.

3 [(2)--This-subsection-expires-September-17-1994.

4 [(d)--If-the-total-amount-available-for-distribution--by--the
5 county--education--district-exceeds-the-county-education-district's
6 local-share-under-Section-16.252-of-this-code, the-county-education 71/22
7 district--shall--retain--the--excess--amount--for--distribution--in
8 succeeding-years.

9 [(e)--If-the-total-amount-available-for-distribution--by--the
10 county--education--district--is--less--than--the--county--education
11 district's--local--share--under--Section--16.252--of-this-code, the
12 distributions-shall-be-made-under-rules-adopted-by-the-commissioner
13 of-education.

14 [Sec.-16.502.--COLLECTION-AND-DISTRIBUTION--SCHEDULES.----The
15 commissioner--of--education--shall--establish--a--schedule--for-the
16 distribution--of--funds--to--each--school---district---under---this
17 subchapter.

18 [Sec.-16.503.--DEFINITION.----In--this--subchapter,--"taxable
19 value--of--property"--is-the-value-determined-under-Section-11.86-of
20 this-code.]

21 SECTION 2. ^{Subsection (a),} Section 11.86(a), Education Code, is amended to
22 read as follows:

23 (a) The comptroller shall conduct an annual study using
24 comparable sales and generally accepted auditing and sampling
25 techniques to determine the total value of all taxable property in
26 each [county-education] school district [and-each-of-its--component
27 school--districts]. The study shall determine the taxable value of

1 all property and of each category of property within the district
2 and the productivity value of all land that qualifies for appraisal
3 on the basis of its productive capacity and for which the owner has
4 applied for and received a productivity appraisal. In conducting ^{72/73}
5 the study, the comptroller shall review the appraisal standards,
6 procedures, and methodology used by each appraisal district to
7 determine the taxable value of property in each school district.
8 The review must test the validity of the taxable values assigned to
9 each category of property by the appraisal district:

10 (1) using, if appropriate, samples selected through
11 generally accepted sampling techniques; and

12 (2) according to generally accepted standard
13 valuation, statistical compilation, and analysis techniques. If
14 the comptroller finds in the annual study that generally accepted
15 appraisal standards and practices were used by the appraisal
16 district in valuing a particular category of property, and that the
17 taxable values assigned to each category of property by the
18 appraisal district are valid, the appraisal roll value of that
19 category of property is presumed to represent taxable value. In
20 the absence of such a presumption, the comptroller shall estimate
21 the taxable value of that category of property using generally
22 accepted standard valuation, statistical compilation, and analysis
23 techniques. For the purposes of this section, "taxable value"
24 means market value less:

25 (1) the total dollar amount of any exemptions of part
26 but not all of the value of taxable property required by the
27 constitution or a statute that a district lawfully granted in the

1 year that is the subject of the study;

2 (2) the total dollar amount of any exemptions granted ^{75/74}
3 within a reinvestment zone under agreements authorized by the
4 Property Redevelopment and Tax Abatement Act (Chapter 312, Tax
5 Code);

6 (3) the total dollar amount of any captured appraised
7 value of property that is located in a reinvestment zone and that
8 is eligible for tax increment financing under the Tax Increment
9 Financing Act (Chapter 311, Tax Code);

10 (4) the total dollar amount of any exemptions granted
11 under Section 11.251, Tax Code;

12 (5) the difference between the market value and the
13 productivity value of land that qualifies for appraisal on the
14 basis of its productive capacity, except that the productivity
15 value may not exceed the fair market value of the land;

16 (6) the portion of the appraised value of residence
17 homesteads of the elderly on which school district taxes are not
18 imposed in the year that is the subject of the study, calculated as
19 if the residence homesteads were appraised at the full value
20 required by law;

21 (7) a portion of the market value of property not
22 otherwise fully taxable by the district at market value because of
23 action required by statute or the Texas Constitution that, if the
24 tax rate adopted by the district is applied to it, produces an
25 amount equal to the difference between the tax that the district
26 would have imposed on the property if the property were fully
27 taxable at market value and the tax that the district is actually ^{74/75}

1 authorized to impose on the property; and

2 (8) the market value of all tangible personal
3 property, other than manufactured homes, owned by a family or
4 individual and not held or used for the production of income.

5 ~~SECTION 3. The heading to Subchapter E, Chapter 13,~~
6 ~~Education Code, is amended to read as follows:~~

7 SUBCHAPTER E. TEACHER APPRAISAL ~~[CAREER-LADDER]~~

8 SECTION 4. Sections 13.302(a), (c), and (f), Education Code,
9 are amended to read as follows:

10 (a) The State Board of Education shall adopt an appraisal
11 process and criteria on which to appraise the performance of
12 teachers ~~[for--career--ladder--level--assignment--purposes]~~. The
13 criteria must be based on observable, job-related behavior,
14 including teachers' implementation of discipline management
15 procedures.

16 (c) ~~An [in-developing-the-appraisal-process, the board shall~~
17 ~~provide-for-using-not-fewer-than-two-appraisers-for-each-appraisal-~~
18 ~~One]~~ appraiser must be the teacher's supervisor or ~~[and-one-must~~
19 ~~be]~~ a person ~~[as]~~ approved by the board of trustees. An appraiser
20 who is a classroom teacher may not appraise the performance of
21 another classroom teacher who teaches at the same school campus at
22 which the appraiser teaches, unless it is impractical because of
23 the number of campuses or unless the appraiser is the chairman of a
24 department or grade level whose job description includes classroom
25 observation responsibilities. ~~[In--a-district-that-uses-not-more~~
26 ~~than-two-appraisers-per-appraisal, the board shall provide--for--an~~
27 ~~appraisal---by--a--third--appraiser--from--another--campus--if--the~~

1 ~~difference-between--the--appraisals--is--such--that--the--teacher's~~
2 ~~performance--cannot-be-accurately-evaluated:]~~ The board also shall
3 provide for a uniform training program and uniform certification
4 standards for appraisers to be used throughout the state. The
5 board shall include teacher self-appraisal in the process.

6 (f) Appraisal for teachers must be detailed by category of
7 professional skill and characteristic and must provide for separate
8 ratings per category. The appraisal process shall guarantee a
9 conference between the teacher and the appraiser [~~appraisers~~], and
10 the conference shall be diagnostic and prescriptive with regard to
11 remediation as needed in overall summary of performance by category
12 and identify the required performance for advancement [~~to-the--next~~
13 ~~level~~].

14 SECTION 5. Subchapter E, Chapter 13, Education Code, is
15 amended by adding Section 13.3021 to read as follows:

16 Sec. 13.3021. TEACHER APPRAISAL ADVISORY COMMITTEE. (a)

17 The teacher appraisal advisory committee consists of 16 members
18 appointed by the foundation school fund budget committee. The
19 budget committee shall appoint the members as follows:

20 (1) eight members must be public school teachers who
21 have varying levels of teaching experience;

22 (2) four members must be public school administrators,
23 two of whom must be campus-level administrators; and

24 (3) four members must be parents of children enrolled
25 in public schools.

26 (b) The teacher appraisal advisory committee shall:

27 (1) study different methods of appraising teachers;

1 and

2 (2) recommend to the State Board of Education any
3 necessary changes in the appraisal process developed under Section
4 13.302 of this code.

5 (c) Committee members hold office for terms of two years
6 expiring February 1 of each odd-numbered year. In the event of a
7 vacancy during a term, the foundation school fund budget committee
8 shall appoint a replacement who meets the qualifications of the
9 vacated position to fill the unexpired portion of the term.

10 (d) The committee shall select one of its members to serve
11 as presiding officer for a term of one year.

12 (e) A committee member may not receive compensation for
13 serving on the committee. A member is not entitled to
14 reimbursement for travel expenses while serving on the committee.

15 SECTION 6. Sections 13.303(a) and (c), Education Code, are
16 amended to read as follows:

17 (a) Each school district shall use the appraisal process and
18 performance criteria developed by the board in appraising teachers
19 ~~[for-career-ladder-level-assignment-purposes].~~

20 (c) Appraisal shall be done at least ~~[not-fewer-than:~~
21 ~~[+1]--two---times---during---each---school---year---for~~
22 ~~probationary--teachers--and-for-teachers-on-level-one-of-the-career~~
23 ~~ladder,-and,~~
24 ~~[+2]] once during each school year [for--teachers--on~~
25 ~~levels-two,-three,-and-four-of-the-career-ladder-whose-performance,~~
26 ~~on---the---most---recent---appraisal,-was--evaluated--as--exceeding~~
27 ~~expectations-or-clearly-outstanding.--The-performance-of-a--teacher~~

1 who,--because-of-unusual-circumstances,--is-appraised-only-once-in-a
2 particular-year-shall-be-evaluated-for-career--ladder--purposes--on
3 the-basis-of-a-single-appraisal].

4 SECTION 7. Section 13.304, Education Code, is amended to
5 read as follows:

6 Sec. 13.304. PERFORMANCE CATEGORIES. In appraisals of
7 teacher performance [~~for-career-ladder-level-assignment-purposes~~],
8 performance [~~shall-be-evaluated-in-the-same-manner--and--under--the~~
9 ~~same---criteria---regardless--of--level.---Performance~~] shall be
10 evaluated as:

11 (1) unsatisfactory (if the teacher's performance is
12 clearly not acceptable in some major area);

13 (2) below expectations (if the teacher's performance
14 needs improvement in some major areas);

15 (3) satisfactory (if the teacher's performance meets
16 expectations);

17 (4) exceeding expectations (if the teacher's
18 performance excels in some major areas); or

19 (5) clearly outstanding.

20 SECTION 8. Section 13.912(a), Education Code, is amended to
21 read as follows: -

22 (a) A school district may not deny a teacher a salary bonus
23 or similar compensation given in whole or in part on the basis of
24 teacher attendance [~~or-a-career-ladder-advancement~~] because of the
25 teacher's absence from school for observance of a religious holy
26 day.

27 SECTION ³~~9~~. Subsections (b) and (c),
Sections 14.063(b) and (c), Education Code, are

1 amended to read as follows:

2 (b) Each school district is entitled to an annual allotment
3 for the purposes provided under Section 14.064 of this code equal
4 to its unadjusted average daily attendance multiplied by[+]

5 [(+)] \$30 [for-the-1992-1993-school-year,-or-a-greater
6 amount-provided-by-appropriation;

7 [(2)--\$35-for-the-1993-1994-school-year,-or--a--greater
8 amount-provided-by-appropriation;

9 [(3)--\$40--for--the-1994-1995-school-year,-or-a-greater
10 amount-provided-by-appropriation;

11 [(4)--\$45-for-the-1995-1996-school-year,-or--a--greater
12 amount-provided-by-appropriation;-and

13 [(5)--\$50--for--the--1996-1997-school-year-and-for-each
14 school--year--thereafter], or a greater amount provided by
15 appropriation.

16 (e) If an insufficient amount is available in the fund for
17 the state's share of the allotments under Subsection (b) of this
18 section, the agency shall reduce each district's allotment by
19 application of the formula adopted under Section 16.254 [(+6:254(d))]
20 of this code.

21 ^{75/76} *Insert F.A. 1 (7) as amended*
~~SECTION 10. Subchapter B, Chapter 19, Education Code, is~~
22 ~~amended by adding Section 19.028 to read as follows:~~

23 Sec. 19.028. DETACHMENT AND ANNEXATION TO REDUCE VARIATIONS
24 IN PROPERTY VALUE. (a) To the extent necessary to reduce
25 variations in property value per student among school districts,
26 for each school year, the commissioner of education, with the
27 approval of the foundation school budget committee as provided by

1 this section, shall order the detachment of all or a portion of
2 property from a district and the annexation of the property to one
3 or more other districts as provided by this section, without regard
4 to whether the property is contiguous to the district to which the
5 property is annexed. A detachment and annexation of real property
6 applies to the taxable personal property having taxable situs in
7 the same location as the real property. If property is annexed to
8 more than one school district, the taxable value of the property
9 shall be apportioned among those school districts as determined by
10 the commissioner.

11 (b) The commissioner may detach and annex property under
12 this section only if:

13 (1) the primary use of the property is not
14 residential, as determined under rules adopted by the commissioner;

15 (2) the school district from which the property is
16 being detached, before detachment, has a taxable value of property
17 per weighted student in average daily attendance greater than
18 \$280,000 per weighted student in average daily attendance, or a
19 different amount provided by appropriation;

20 (3) the annexation does not result in taxable value of
21 property per weighted student in average daily attendance in the
22 district to which the property is being annexed greater than
23 \$280,000 per weighted student in average daily attendance, or a
24 different amount provided by appropriation;

25 (4) the property is not exempt from ad valorem
26 taxation under Section 11.20 or 11.21, Tax Code;

27 (5) the property is not a building or structure owned

1 by the United States, this state, or a political subdivision of
2 this state that is exempt from ad valorem taxation under law; and

3 (6) the property is not currently devoted to
4 agricultural purposes and in the preceding tax year was not
5 appraised for ad valorem taxation under Subchapter C or D, Chapter
6 23, Tax Code.

7 (c) Property may be detached from a school district under
8 this section only to the extent that, in accordance with a
9 determination of the commissioner, the total amount of taxes per
10 weighted student in average daily attendance that the district can
11 impose for maintenance and operation of the district at an
12 effective tax rate of \$1.50 on the \$100 valuation of taxable
13 property applied to the taxable value of property in the district
14 after detachment is not less than the amount of taxes per weighted
15 student in average daily attendance spent by the district in the
16 1992-1993 school year for maintenance and operation, excluding
17 reserves for facilities.

18 (d) In making a determination under this section, the
19 commissioner shall consider the likelihood that the property would
20 need to be transferred again, so that further detachment and
21 annexation of that property may be minimized.

22 (e) In considering to which school districts any property
23 detached under this section should be annexed, the commissioner
24 shall give preference to districts that, following annexation,
25 would have a taxable value of property per weighted student in
26 average daily attendance at or below the lowest level for which
27 funds are provided under Subchapter H, Chapter 16, of this code.

1 In making a selection among those districts or among other
2 districts eligible to have property annexed under this section, the
3 commissioner shall give priority to school districts in the
4 following order:

5 (1) first, to a district contiguous to the detached
6 property;

7 (2) second, to the district nearest to the detached
8 property and located in the same county;

9 (3) third, to another district located in the same
10 county as the detached property; and

11 (4) fourth, to the nearest district in proximity to
12 the detached property.

13 (f) The commissioner shall report to the foundation school
14 budget committee a determination of any detachments and annexations
15 of property to be made under this section not later than July 15 of
16 each year. Not later than July 30, the committee shall approve the
17 commissioner's determination or shall specify to the commissioner
18 its objections. Not later than the 10th day after the date on
19 which the commissioner receives any objections from the committee,
20 the commissioner shall submit a revised determination to the
21 committee, and not later than the 10th day after the date on which
22 the committee receives the revised determination, the committee
23 shall respond to the revised determination. The commissioner and
24 the committee shall continue on that schedule until the committee
25 approves a determination. As soon as practicable after approval,
26 the commissioner shall notify each affected school district and the
27 appraisal district in which the affected property is located of the

1 determination.

2 (g) A decision or determination of the commissioner or the
3 foundation school budget committee under this section is final and
4 not appealable. A detachment or annexation action taken under this
5 chapter does not affect a decision of the commissioner under this
6 section. The Administrative Procedure and Texas Register Act
7 (Article 6252-13a, Vernon's Texas Civil Statutes) does not apply to
8 a decision of the commissioner or the foundation school budget
9 committee under this section.

10 (h) For foundation school program funding purposes,
11 detachment and annexation under this section takes effect beginning
12 with the school year that begins in the calendar year in which the
13 detachment and annexation determination is made. A detachment and
14 annexation of property applies to the ad valorem taxation of the
15 property beginning with the tax year in which the detachment and
16 annexation is made. In that tax year, the property is taxable by
17 the school district to which it is annexed and is not taxable by
18 the school district from which it is detached.

19 (i) A student who is a resident of the area in which the
20 property being detached from a school district is located may
21 choose to attend school in that district or in the district to
22 which the property is being annexed. For purposes of determining
23 average daily attendance under Section 16.006 of this code, the
24 student shall be counted in the district to which the property is
25 being annexed. If the student chooses to attend school in the
26 district from which the property is being detached, the state shall
27 withhold any foundation school funds from the district to which the

1 property is being annexed and shall allocate to the district in
2 which the student is attending school those funds and the amount of
3 funds equal to the difference between the state funds the district
4 is receiving for the student and the district's cost in educating
5 the student.

6 (j) If, before detachment, the school district from which
7 property is detached has authorized the levy of a tax to pay
8 principal and interest on bonds, the district shall continue to
9 levy that tax on the detached property until the bonds have been
10 retired in accordance with Article VII, Section 3-b of the Texas
11 Constitution. The district to which the property is annexed may
12 not levy on that property a tax to pay principal and interest on
13 bonds issued before the property was annexed. In determining to
14 which district to annex property detached under this section, the
15 commissioner may consider the extent to which the district from
16 which the property is detached is levying a tax on that property to
17 pay principal and interest on bonds.

18 (k) The chief appraiser of each appraisal district shall
19 cooperate with the commissioner in implementing this section.

20 (l) For purposes of this section:

21 (1) the number of weighted students in average daily
22 attendance, calculated in the manner provided by Section 16.302 of
23 this code, is the number estimated by the commissioner for the
24 succeeding school year; and

25 (2) the taxable value of property is determined as
26 provided by Section 11.86 of this code.

27 Insert F.A.#3

SECTION 11. Section 20.09, Education Code, is amended to

1 read as follows:

2 Sec. 20.09. TAX LIMITATIONS. (a) A [~~Except-as-provided-by~~
3 ~~Subsections-(c)-and-(d)-of-this-section,~~ a] school district may not
4 impose a [~~total~~] tax rate on the \$100 valuation of taxable property
5 that results in a levy for maintenance and operation of the
6 district that exceeds \$1.50. [~~the-levy-that-results-from-applying~~
7 ~~the-following-rate-to-the-district's-taxable-value-of--property--as~~
8 ~~determined-under-Section-11.86-of-this-code:~~

9 [~~1~~]~~--\$0.78-for-the-1991-tax-year;~~

10 [~~2~~]~~--\$0.68-for-the-1992-tax-year;~~

11 [~~3~~]~~--\$0.58-for-the-1993-tax-year;-and~~

12 [~~4~~]~~--\$0.50-for-each-subsequent-tax-year.]~~

13 (b) A district may impose taxes under this chapter on the
14 residence homestead of a person whose taxes for general elementary
15 and secondary public school purposes are limited under Article
16 VIII, Section 1-b(d), of the Texas Constitution, only to the extent
17 that the imposition, when added to the taxes imposed on the
18 homestead by the school [~~county-education~~] district for the tier^{24/5}
19 one local fund assignment under Section 16.252 of this code, does
20 not increase the person's tax liability for those purposes in
21 violation of the constitutional limit.

22 [~~(c)--The-portion-of-the-total-tax-rate-required--to--collect~~
23 ~~the--taxes--pledged--and--levied--for--the-payment-of-principal-and~~
24 ~~interest-on-debt-authorized-to-be-issued-by-an-election-held-on--or~~
25 ~~before--April--17--1991,-and-issued-before-September-17-1992,-is-not~~
26 ~~subject-to-the-tax-limitation-under-Subsection-(a)-of-this-section-~~

27 [~~(d)--Prior-to-the-issuance-of-bonds-other-than-bonds--exempt~~

1 under--Subsection-(c)-of-this-section, a district shall demonstrate
2 to the attorney general with respect to the proposed bond--issue--a
3 projected--ability--to--pay--the--principal--of--and--interest--on--the
4 proposed bonds and all previously issued bonds,--other--than--bonds
5 exempt--under--Subsection-(c)-of-this-section, from a tax at a debt
6 rate not to exceed \$0.50 per \$100 valuation and a--total--tax--rate
7 not--to--exceed--the--maximum--rate--under--Subsection--(a)-of-this
8 section,--On approval of the bonds--by--the--attorney--general--and
9 issuance by the district, the district may levy a tax exceeding the
10 limits--established--in Subsection-(a)-of this section if necessary
11 to pay the principal of and interest on the bonds without--reducing
12 maintenance and operations expenditures for the district.]

13 SECTION 12. ^{7. Subsection (b),} Section 20.86^(b), Education Code, is amended to
14 read as follows:

15 (b) If the agency determines by audit or otherwise that a
16 district has received a greater payment under this subchapter than ^{82/50}
17 it was entitled to receive because it improperly granted residence
18 homestead exemptions, improperly granted eligibility pursuant to
19 Article 7174A or 7174B, assigned excessive value to property
20 affected by Article 7150.5, 7174A, or 7174B, or otherwise
21 overstated the amount it was entitled to receive, the agency shall
22 notify the district of its determination and the reasons for it and
23 shall reduce the amount of the next and, if necessary, subsequent
24 certifications under Section 20.85 of this code or payments of
25 state aid under Section [Sections] 16.254[(b)-and-16.254(c)] of
26 this code until the amount of the overpayment is recovered.

27 SECTION 13. Section 20.88, Education Code, is amended to

1 read as follows:

2 Sec. 20.88. EFFECT OF LAND USE CHANGE. Prior to April 1,
3 each school district shall notify the Central Education Agency of
4 the amount of payments received during the prior 12 months under
5 the provisions of Section 5 of Article 7174A, Revised Civil
6 Statutes of Texas, 1925, Section 6 of Article 7174B, and Section
7 1-d(f) of Article VIII of the Texas Constitution. Fifty percent of
8 this amount shall be deducted from either current or subsequent
9 payments under this subchapter or payments of state aid under
10 Section [Sections] 16.254[(b)-and-(c)].

11 SECTION ⁹ M. ^{Subsection (c),} Section 21.032⁶(e), Education Code, is amended to
12 read as follows:

13 (c) Unless specifically exempted by Section 21.033 of this
14 code, a student enrolled in a public school district must attend ^{86/87} an
15 extended year program provided by a school district for which the
16 student is eligible or tutorial classes required by the district
17 under Section 21.103(b) of this code. A district shall provide
18 transportation services to students required to attend an extended
19 year program provided by a school district in the same manner as
20 during the regular school year. A school district is not required
21 to provide transportation services to accommodate [such] students
22 required to attend tutorial classes under Section 21.103(b) of this
23 code. ^{Insert F.A. # 4}

24 SECTION ¹⁰ 18. Section 21.502, Education Code, is amended to
25 read as follows:

26 Sec. 21.502. DEFINITIONS. As used in this subchapter,
27 "special services" means:

1 (1) "special teaching," which may be provided by
2 professional and paraprofessional personnel in the following
3 instructional settings:

4 (A) resource room;

5 (B) self-contained classroom, regular or special
6 campus;

7 (C) hospital or community class;

8 (D) homebound or bedside;

9 (E) speech or hearing therapy class; or

10 (F) mainstream; or

11 (2) "related services," which are developmental,
12 corrective, supportive, or evaluative services, not instructional
13 in nature, that may be required for the proper development and
14 implementation of a handicapped student's individualized
15 educational plan, including but not limited to special
16 transportation, school health services, counseling with students or ^{87/89}
17 families, psychological services, audiological services, visual
18 training, medical or psychiatric diagnostic services, occupational
19 therapy, physical therapy, recreational therapy, social work
20 services, parent counseling and training, adaptive equipment,
21 special seating, orientation and mobility training, speech therapy,
22 music therapy, and corrective therapy.

23 SECTION 16. ¹¹ ~~Section 21.506(b)~~ ^{Subsection (b)}, Education Code, is amended to
24 read as follows:

25 (b) Except as provided by Subsection (c) of this section,
26 contracts for residential placements when approved may be paid for
27 from a combination of federal, state, and local funds. The local

1 share of the total contract cost per pupil is that portion of the
2 local tax effort (total dollars generated by debt service and
3 maintenance taxes) which exceeds the district's local fund
4 assignment under Section 16.252 of this code, divided by the
5 average daily attendance in the district. If the contract involves
6 a private facility, the state share of the total contract cost is
7 that which remains after subtracting the local share. If the
8 contract involves a public facility other than a program or
9 facility administered by the Central Education Agency, the state
10 share is that which remains after subtracting the local share from
11 that portion of the contract which involves the costs of
12 instructional and related services. If the contract involves a
13 program or facility administered by the Central Education Agency,
14 there is no state share paid from this program. ^{59/50}

15 SECTION ¹²~~17~~. Subchapter N, Chapter 21, Education Code, is
16 amended by adding Section 21.513 to read as follows:

17 Sec. 21.513. PILOT PROGRAM FOR INCLUSION. The Central
18 Education Agency shall establish procedures and criteria for the
19 allocation of funds appropriated under Section 16.151(m) of this
20 code to school districts selected by the agency to establish a
21 pilot program for the inclusion of students with disabilities in
22 the regular classroom so that those students may receive an
23 appropriate free public education in the least restrictive
24 environment.

25 SECTION ¹³~~18~~. Subchapter O, Chapter 21, Education Code, is
26 amended by adding Section 21.562 to read as follows:

27 Sec. 21.562. OPTIONAL EXTENDED YEAR PROGRAM. (a) A school

1 district may apply to the commissioner of education for approval to
2 provide an extended year program for a period not to exceed 30 days
3 for students in kindergarten through grade level eight who are
4 identified as likely not to be promoted to the next grade level for
5 the succeeding school year.

6 (b) The commissioner may adopt rules for the administration
7 of programs provided under this section.

8 (c) A school district may not enroll more than 12 students
9 in a class provided under this section.

10 (d) Each class provided under this section shall be taught
11 by a teacher who has completed successfully a program that provides
12 training to teach a class under this section and that satisfies
13 standards the commissioner establishes. 90/91

14 (e) A student who attends at least 85 percent of the program
15 days of a program under this section shall be promoted to the next
16 grade level at the beginning of the next school year unless a
17 parent of the student presents a written request to the school
18 principal that the student not be promoted to the next grade level.
19 As soon as practicable after receiving the request from a parent,
20 the principal shall hold a formal meeting with the student's
21 parent, extended year program teacher, and counselor. During the
22 meeting, the principal, teacher, or counselor shall explain the
23 longitudinal statistics on the academic performance of students who
24 are not promoted to the next grade level and provide information on
25 the effect of retention on a student's self-esteem and on the
26 likelihood of a student dropping out of school. After the meeting,
27 the parent may withdraw the request that the student not be

1 promoted to the next grade level. If the parent of a student
2 eligible for promotion under this subsection withdraws the request,
3 the student shall be promoted. If a student is promoted under this
4 subsection, the school district shall continue to use innovative
5 practices to ensure that the student is successful in school in
6 succeeding years.

7 (f) A school district that provides a program under this
8 section shall adopt a policy designed to lead to immediate
9 reduction and ultimate elimination of student retention.

10 (g) A school district may apply for approval under this
11 section only for a pilot program for students in grade level one
12 for the 1993-1994 school year and only for a pilot program for
13 students in grade levels one and two for the 1994-1995 school year.
14 The state's share of a pilot program under this section may not
15 exceed the amount appropriated for program purposes. Funds
16 provided to a pilot program may be used for transportation of
17 eligible students. This subsection expires September 1, 1995.

18 SECTION 14. ^{Subdivision (12)} Section 1.04(12), Tax Code, is amended to read
19 as follows:

20 (12) "Taxing unit" means a county, an incorporated
21 city or town (including a home-rule city), a school district, [a
22 ~~county--education--district,~~] a special district or authority
23 (including a junior college district, a hospital district, a
24 district created by or pursuant to the Water Code, a mosquito
25 control district, a fire prevention district, or a noxious weed
26 control district), or any other political unit of this state,
27 whether created by or pursuant to the constitution or a local,

1 special, or general law, that is authorized to impose and is
2 imposing ad valorem taxes on property even if the governing body of
3 another political unit determines the tax rate for the unit or
4 otherwise governs its affairs.

5 SECTION ¹⁵20. Section 6.02, Tax Code, is amended by amending
6 Subsections (b) and (f) and adding Subsection (g) to read as
7 follows:

8 (b) A taxing unit [~~other-than-a-county--education--district~~]^{92/93}
9 that has boundaries extending into two or more counties may choose
10 to participate in only one of the appraisal districts. In that
11 event, the boundaries of the district chosen extend outside the
12 county to the extent of the unit's boundaries. To be effective,
13 the choice must be approved by resolution of the board of directors
14 of the district chosen. The choice of a school district to
15 participate in a single appraisal district does not apply to
16 property annexed to the school district under Section 19.028,
17 Education Code, unless:

18 (1) the school district taxes property other than
19 property annexed to the district under Section 19.028, Education
20 Code, in the same county as the annexed property; or

21 (2) the annexed property is contiguous to property in
22 the school district other than property annexed to the district
23 under Section 19.028, Education Code. [A-county-education-district
24 that-has-boundaries--extending--into--two--or--more--counties--must
25 participate--in--each--appraisal--district--in--which--one--of--its
26 component--school--districts-participates-for-purposes-of-appraisal
27 of-the-component-school-district's-territory.]

1 (f) All costs of operating an appraisal district in
2 territory outside the county for which the appraisal district is
3 established are allocated to the taxing unit for which the
4 appraisal district appraises property in [that-chooses-to-add] that
5 territory [to-the-district]. If the appraisal district appraises
6 property in the same territory for two or more taxing units [add 93/94
7 the-same-territory-to-an-appraisal-district], costs of operating
8 the district in that territory are allocated to the units in the
9 proportion the total dollar amount of taxes each unit imposes in
10 that territory bears to the total dollar amount of taxes all taxing
11 units participating in the appraisal district impose in that
12 territory.

13 (g) If property is annexed to a school district under
14 Section 19.028, Education Code, the appraisal district established
15 for that county shall appraise the property for the school
16 district, and the school district participates in that appraisal
17 district for purposes of the appraisal of that property, except as
18 otherwise permitted by Subsection (b).

19 SECTION 21. Sections 6.03(c) ¹⁶ ~~(c) (e)~~, Tax Code, ^{by amending Subsections (c) through (e) and adding Subsection (m)} ~~are~~ ^{is} amended to
20 read as follows:

21 (c) Members of the board of directors are appointed by vote
22 of the governing bodies of the incorporated cities and towns, the
23 school districts [other-than-the-county-education-district], and,
24 if entitled to vote, the conservation and reclamation districts
25 that participate in the district and of the county. A governing
26 body may cast all its votes for one candidate or distribute them
27 among candidates for any number of directorships. Conservation and

1 reclamation districts are not entitled to vote unless at least one
2 conservation and reclamation district in the district delivers to
3 the chief appraiser a written request to nominate and vote on the ^{94/}95
4 board of directors by June 1 of each odd-numbered year. On receipt
5 of a request, the chief appraiser shall certify a list by June 15
6 of all eligible conservation and reclamation districts that are
7 imposing taxes and that participate in the district.

8 (d) The voting entitlement of a taxing unit that is entitled
9 to vote for directors is determined by dividing the total dollar
10 amount of property taxes imposed in the district by the taxing unit
11 for the preceding tax year by the sum of the total dollar amount of
12 property taxes imposed in the district for that year by each taxing
13 unit that is entitled to vote, by multiplying the quotient by
14 1,000, and by rounding the product to the nearest whole number.
15 That number is multiplied by the number of directorships to be
16 filled. [~~For--a--school--district,--the--total--dollar--amount--of~~
17 ~~property--taxes--imposed--in--the--district--by--the--unit--is--considered--to~~
18 ~~be--the--sum--of--the--taxes--imposed--by--the--district--and--the--revenue~~
19 ~~received--by--the--district--from--the--county--education--district.] A~~
20 taxing unit participating in two or more districts is entitled to
21 vote in each district in which it participates, but only the taxes
22 imposed in a district are used to calculate voting entitlement in
23 that district.

24 (e) The chief appraiser shall calculate the number of votes
25 to which each taxing unit other than a conservation and reclamation
26 district is entitled and shall deliver written notice to each of
27 those units of its voting entitlement before October 1 of each

95/96
1 odd-numbered year. The chief appraiser shall deliver the notice:

2 (1) to the county judge and each commissioner of the
3 county served by the appraisal district;

4 (2) to the presiding officer of the governing body of
5 each city or town participating in the appraisal district, to the
6 city manager of each city or town having a city manager, and to the
7 city secretary or clerk, if there is one, of each city or town that
8 does not have a city manager; and

9 (3) to the presiding officer of the governing body of
10 each school district~~[7--other-than-the-county-education-district]~~
11 participating in the district and to the superintendent of those
12 school districts.

13 Insert F.A. # 7(2)
14 SECTION 22. Sections 6.06~~(d)~~ and ~~(h)~~, Tax Code, are amended
15 to read as follows: Subsections (d) and (h),

16 (d) Each taxing unit participating in the district~~[7--other~~
17 ~~than--a--county--education-district]~~ is allocated a portion of the
18 amount of the budget equal to the proportion that the total dollar
19 amount of property taxes imposed in the district by the unit for
20 the tax year in which the budget proposal is prepared bears to the
21 sum of the total dollar amount of property taxes imposed in the
22 district by each participating unit for that year. [~~For--a--school~~
23 ~~district,7--other-than-a-county-education-district,7-the-total-dollar~~
24 ~~amount-of-property-taxes-imposed-in-the-district--by--the--unit--is~~
25 ~~considered--to--be-the-sum-of-the-taxes-imposed-by-the-district-and~~
26 ~~the-revenue-received-by-the--district--from--the--county--education~~
27 ~~district.]~~ If a taxing unit participates in two or more districts,
only the taxes imposed in a district are used to calculate the

1 unit's cost allocations in that district. If the number of real
2 property parcels in a taxing unit is less than 5 percent of the
3 total number of real property parcels in the district and the
4 taxing unit imposes in excess of 25 percent of the total amount of
5 the property taxes imposed in the district by all of the
6 participating taxing units for a year, the unit's allocation may
7 not exceed a percentage of the appraisal district's budget equal to
8 three times the unit's percentage of the total number of real
9 property parcels appraised by the district.

10 (h) If a newly formed taxing unit or a taxing unit that did ^{77/98}
11 not impose taxes in the preceding year [~~7--other--than--a--county~~
12 ~~education--district~~7] imposes taxes in any tax year, that unit is
13 allocated a portion of the amount budgeted to operate the district
14 as if it had imposed taxes in the preceding year, except that the
15 amount of taxes the unit imposes in the current year is used to
16 calculate its allocation. Before the amount of taxes to be imposed
17 for the current year is known, the allocation may be based on an
18 estimate to which the district board of directors and the governing
19 body of the unit agree, and the payments made after that amount is
20 known shall be adjusted to reflect the amount imposed. The
21 payments of a newly formed taxing unit that has no source of funds
22 are postponed until the unit has received adequate tax or other
23 revenues.

24 SECTION ¹⁸23. ^{SubC}(~~Sections 11.13~~(d), (e), (m), and (n), ^{Section 11.13,} Tax Code,
25 are amended to read as follows:

26 (d) In addition to the exemptions provided by Subsections
27 (b) and (c) of this section, an individual who is disabled or is 65

1 or older is entitled to an exemption from taxation by a taxing unit
2 of a portion (the amount of which is fixed as provided by
3 Subsection (e) of this section) of the appraised value of his
4 residence homestead if the exemption is adopted either:

5 (1) by the governing body of the taxing unit [~~other~~
6 ~~than-a-county-education-district~~]; or

7 (2) by a favorable vote of a majority of the qualified
8 voters of the taxing unit at an election called by the governing ^{98/99}
9 body of a taxing unit [~~other-than-a-county-education-district~~], and
10 the governing body shall call the election on the petition of at
11 least 20 percent of the number of qualified voters who voted in the
12 preceding election of the taxing unit[~~-or~~

13 [~~{3}--by---a--favorable--vote--of--a--majority--of--the~~
14 ~~qualified-voters-of-a-county-education-district-at-an-election-held~~
15 ~~under-Section-20-9507--Education-Code~~].

16 (e) The amount of an exemption adopted as provided by
17 Subsection (d) of this section is \$3,000 of the appraised value of
18 the residence homestead unless a larger amount is specified by:

19 (1) the governing body authorizing the exemption if
20 the exemption is authorized as provided by Subdivision (1) of
21 Subsection (d) of this section; or

22 (2) the petition for the election if the exemption is
23 authorized as provided by Subdivision (2) of Subsection (d) of this
24 section[~~-or~~

25 [~~{3}--the--proposition--approved--at--an--election-held~~
26 ~~under-Section-20-9507--Education-Code~~].

27 (m) In this section:

1 (1) "Disabled" means under a disability for purposes
2 of payment of disability insurance benefits under Federal Old-Age,
3 Survivors, and Disability Insurance.

4 (2) "School district" means a political subdivision
5 organized to provide general elementary and secondary public
6 education. [~~"School district" includes a county education district~~^{89/100}
7 ~~established by the consolidation of the local school districts in~~
8 ~~its boundaries for the limited purpose of exercising a portion of~~
9 ~~the taxing power previously authorized by the voters in those~~
10 ~~school districts.] "School district" does not include a junior
11 college district or a political subdivision organized to provide
12 special education services.~~

13 (n) In addition to any other exemptions provided by this
14 section, an individual is entitled to an exemption from taxation by
15 a taxing unit [~~other than a county education district~~] of a
16 percentage of the appraised value of his residence homestead if the
17 exemption is adopted by the governing body of the taxing unit
18 before May 1 in the manner provided by law for official action by
19 the body. If the percentage set by the taxing unit produces an
20 exemption in a tax year of less than \$5,000 when applied to a
21 particular residence homestead, the individual is entitled to an
22 exemption of \$5,000 of the appraised value. The percentage adopted
23 by the taxing unit may not exceed 20 percent. [~~In addition to any~~
24 ~~other exemptions provided by this section, an individual is~~
25 ~~entitled to an exemption from taxation by a county education~~
26 ~~district of a percentage of the appraised value of his residence~~
27 ~~homestead if the exemption is adopted by the voters of the district~~

1 ~~at-an-election-held-in-the-district-for-that-purpose-under--Section~~
2 ~~20-9467--Education--Code-]~~ If the percentage set by the voters
3 produces an exemption in a tax year of less than \$5,000 when
4 applied to a particular residence homestead, the individual is ^{100/100}
5 entitled to an exemption of \$5,000 of the appraised value. The
6 percentage adopted by the voters may not exceed 20 percent.

7 ^{19 Subsections (c) and (e),}
SECTION 24. Sections 11.14(c) and (e), Tax Code, are amended
8 to read as follows:

9 (c) The governing body of a taxing unit, [~~other-than-a~~
10 ~~county-education-district,~~] by resolution or order, depending upon
11 the method prescribed by law for official action by that governing
12 body, may provide for taxation of tangible personal property
13 exempted under Subsection (a). [~~The-voters-of-a-county-education~~
14 ~~district-by-an-election-held-under-Section-20-9517--Education-Code,~~
15 ~~may-provide-for-taxation-of--tangible--personal--property--exempted~~
16 ~~under--Subsection--(a)-]~~ If a taxing unit provides for taxation of
17 tangible personal property as provided by this subsection, the
18 exemption prescribed by Subsection (a) does not apply to that unit.

19 (e) A political subdivision [~~other-than-a-county-education~~
20 ~~district]~~ choosing to tax property otherwise made exempt by this
21 section, pursuant to Article VIII, Section 1(e), of the Texas
22 Constitution, may not do so until the governing body of the
23 political subdivision has held a public hearing on the matter,
24 after having given notice of the hearing at the times and in the
25 manner required by this subsection, and has found that the action
26 will be in the public interest of all the residents of that
27 political subdivision. At the hearing, all interested persons are

1 entitled to speak and present evidence for or against taxing the
2 property. Not later than the 30th day prior to the date of a
3 hearing held under this subsection, notice of the hearing must be:

4 (1) published in a newspaper having general
5 circulation in the political subdivision and in a section of the
6 newspaper other than the advertisement section;

7 (2) not less than one-half of one page in size; and

8 (3) republished on not less than three separate days
9 during the period beginning with the 10th day prior to the hearing
10 and ending with the actual date of the hearing.

11 SECTION ²⁰~~25~~. Section 21.01, Tax Code, is amended to read as
12 follows:

13 Sec. 21.01. REAL PROPERTY. Real property is taxable by a
14 taxing unit if located in the unit on January 1, except as provided
15 by Section 19.028, Education Code.

16 SECTION ²¹~~26~~. Section 21.02, Tax Code, is amended to read as
17 follows:

18 Sec. 21.02. TANGIBLE PERSONAL PROPERTY GENERALLY. (a)
19 Except as provided by Subsection (b) and Sections 21.021, 21.04,
20 and 21.05 [~~of this code~~], tangible personal property is taxable by
21 a taxing unit if: -

22 (1) it is located in the unit on January 1 for more
23 than a temporary period;

24 (2) it normally is located in the unit, even though it
25 is outside the unit on January 1, if it is outside the unit only
26 temporarily;

27 (3) it normally is returned to the unit between uses

1 elsewhere and is not located in any one place for more than a
2 temporary period; or

3 (4) the owner resides (for property not used for
4 business purposes) or maintains his principal place of business in
5 this state (for property used for business purposes) in the unit
6 and the property is taxable in this state but does not have a
7 taxable situs pursuant to Subdivisions (1) through (3) of this
8 section.

9 (b) Personal property having taxable situs at the same
10 location as real property detached from a school district and
11 annexed to another school district under Section 19.028, Education
12 Code, is taxable in the tax year in which the detachment and
13 annexation is made by the same school district by which the real
14 property is taxable in that tax year under Section 19.028,
15 Education Code.

16 SECTION ²²~~27~~. Section 25.25, Tax Code, is amended by adding
17 Subsection (h) to read as follows:

18 (h) The chief appraiser shall change the appraisal records
19 and school district appraisal rolls promptly to reflect the
20 detachment and annexation of property among school districts under
21 Section 19.028, Education Code.

Insert
F.A. 1(11)
22 SECTION ²⁸~~27~~. ^{Subsection (f),} Section 317.005^(f), Government Code, is amended
23 to read as follows:

24 (f) The governor or board may adopt an order under this
25 section withholding or transferring any portion of the total amount
26 appropriated to finance the foundation school program for a fiscal
27 year. The governor or board may not adopt such an order if it

104/105
1 would result in an allocation of money between particular programs
2 or statutory allotments under the foundation school program
3 contrary to the statutory proration formula provided by Section
4 16.254(h) [~~16.254(d)~~], Education Code. The governor or board may
5 transfer an amount to the total amount appropriated to finance the
6 foundation school program for a fiscal year and may increase the
7 basic allotment. The governor or board may adjust allocations of
8 amounts between particular programs or statutory allotments under
9 the foundation school program only for the purpose of conforming
10 the allocations to actual pupil enrollments or attendance.

11 ~~SECTION 29. Section 822.201(b), Government Code, is amended~~
12 ~~to read as follows:~~

13 (b) "Salary and wages" as used in Subsection (a) means:

14 (1) normal periodic payments of money for service the
15 right to which accrues on a regular basis in proportion to the
16 service performed;

17 (2) [~~career--ladder--payments--of--money--authorized--by~~
18 ~~Section-16.057,--Education-Code;~~

19 [~~13~~] amounts by which the member's salary is reduced
20 under a salary reduction agreement authorized by Article 6252-3d,
21 Revised Statutes; and

22 (3) [~~14~~] amounts that would otherwise qualify as
23 salary and wages under Subdivision (1) [~~or--12~~] but are not
24 received directly by the member pursuant to a good faith, voluntary
25 written salary reduction agreement in order to finance payments to
26 a deferred compensation or tax sheltered annuity program
27 specifically authorized by state law or to finance benefit options

1 under a cafeteria plan qualifying under Section 125 of the Internal
2 Revenue Code of 1986 (26 U.S.C. Section 125), if:

3 (A) the program or benefit options are made
4 available to all employees of the employer; and

5 (B) the benefit options in the cafeteria plan
6 are limited to one or more options that provide deferred
7 compensation, group health and disability insurance, group term
8 life insurance, dependent care assistance programs, or group legal
9 services plans.

10 SECTION 30. Sections 825.405(a) and (b), Government Code,
11 are amended to read as follows:

12 (a) For members entitled to the minimum salary for certain
13 school personnel under Section 16.056 or 16.0562, Education Code,
14 the employing district shall pay the state's contribution on the
15 portion of the member's salary that exceeds the statutory minimum.

16 (b) For purposes of this section, the statutory minimum
17 salary is the salary provided by Section 16.056, 16.0562, or
18 16.057, Education Code, as applicable, multiplied by the cost of
19 education adjustment applicable under Section 16.102, Education
20 Code, to the district in which the member is employed~~[7--plus--any~~
21 ~~career-ladder-supplement-under-Section-16.057, Education Code].~~

22 SECTION 31. Subchapter E, Chapter 825, Government Code, is
23 amended by adding Section 825.4051 to read as follows:

24 Sec. 825.4051. CONTRIBUTIONS BY CERTAIN SCHOOL DISTRICTS.

25 (a) If a school district's taxable value of property determined as
26 provided by Section 11.86, Education Code, is greater than \$280,000
27 per weighted student in average daily attendance or an amount

1 ~~provided by appropriation~~, as determined by the commissioner of
2 education, the school district shall pay the state contributions to
3 the retirement system for each employee of the district who is a
4 member of the retirement system under rules adopted by the
5 comptroller.

6 (b) The state guarantees a district's full and timely
7 payment of the district's obligation to the retirement system under
8 this section and may take action to enforce that obligation.

9 ~~Insert F.A. 1(9)~~
(c) A district shall pay the state contributions under this
10 section to the greatest extent that permits the district, by
11 imposing an effective tax rate of \$1.50 on the \$100 valuation of
12 taxable property to the district's taxable value of property
13 determined as provided by Section 11.86, Education Code, to have
14 available the same amount of revenue per weighted student in
15 average daily attendance for maintenance and operation of the
16 district, excluding reserves for facilities and costs of
17 contributions under this section, that the district spent in the
18 1992-1993 school year.

19 (d) A determination of the commissioner of education under
20 this section is final and not appealable. The Administrative
21 Procedure and Texas Register Act (Article 6252-13a, Vernon's Texas
22 Civil Statutes) does not apply to a determination of the
23 commissioner under this section.

24 ~~Insert F.A. 1(10)~~
SECTION 32. The following provisions are repealed:

25 ~~(1) Sections 1.05, 13.032(c), 13.035(c), 13.301,~~
26 ~~13.305, 13.306(b), and 13.307-13.323, Education Code;~~

27 ~~(2) Subchapter G, Chapter 20, Education Code; and~~

(3) Sections 6.061(f), 26.12(e), and 312.002(e) and (f), Tax Code.

F.A. 14
7
SECTION ³³~~33~~. Notwithstanding ^{Section (c)}~~Section~~ 19.028(e), Education Code, as added by this Act, in the case of detachment and annexation of property for the 1993-1994 school year, the commissioner of education shall make determinations and notify each ^{property owner, and appraisal district} affected school district not later than July 15, 1993, or the day following the effective date of this Act, whichever is later.

SECTION ³⁴~~34~~. It is the intent of the 73rd Legislature that, in case of a conflict, the funding provisions for an optional extended year program as provided by Section 21.562, Education Code, as added by this Act, control over any other funding provisions for the program enacted by the 73rd Legislature during its regular session.

SECTION ³⁵~~35~~. Notwithstanding the requirement in Section 16.254, Education Code, as amended by this Act, requiring determinations under that section to be based on estimates provided under Section 16.2541, Education Code, as added by this Act, or on different estimates provided by the General Appropriations Act, for the biennium ending August 31, 1995, determinations required under Section 16.254 shall be based on estimates provided by the Legislative Budget Board model run, number ____.

SECTION ³⁶~~36~~. Effective September 1, 1993, each county education district created under Section 2, Chapter 20, Acts of the ^{107/88} 72nd Legislature, Regular Session, 1991, is abolished.

SECTION ³⁷~~37~~. (a) On August 31, 1993, each county education district shall transfer its funds to its component school districts

1 in the manner provided by rule of the commissioner of education.

2 (b) On September 1, 1993, any assets of a county education
3 district other than funds are transferred to its component school
4 districts in the manner and amounts provided by rule of the
5 commissioner of education.

6 (c) On September 1, 1993, the contracts and other
7 liabilities of a county education district are transferred to its
8 component school districts in the manner and amounts, including
9 joint obligations, provided by rule of the commissioner of
10 education.

11 (d) The records of the board of a county education district
12 shall be maintained as provided by rule of the commissioner of
13 education.

14 (e) The component school districts of a county education
15 district abolished by this Act may collect and use or distribute
16 taxes imposed by the county education district that are delinquent
17 in the manner provided by rule of the commissioner of education.

18 ~~Insert F. A. # (2)~~
~~SECTION 38. This Act applies to taxes imposed on or after~~
19 ~~January 1, 1993. Changes in the funding of public schools and~~
20 ~~compensation of school district personnel made by this Act apply~~
21 ~~beginning with the 1993-1994 school year.~~

22 ~~Insert F. A. # 5~~
23 ~~SECTION 39.~~ The importance of this legislation and the
24 crowded condition of the calendars in both houses create an
25 emergency and an imperative public necessity that the
26 constitutional rule requiring bills to be read on three several
27 days in each house be suspended, and this rule is hereby suspended,
and that this Act take effect and be in force from and after its

ADOPTED
as amended
MAY 12 1993

Butt, Ling
Secretary of the Senate

AMENDMENT NO. #1

BY *Ratiff*

Amend the committee substitute to S.B. No. 7 as follows:

(1) In Section 1 of the bill, strike amended Section 16.052, Education Code, and substitute the following: P.9

Sec. 16.052. OPERATION OF SCHOOLS; TEACHER PREPARATION AND STAFF DEVELOPMENT. (a) Each school district must provide for not less than 180 days of instruction for students and not less than three days of preparation for teachers for each school year, except as provided in Subsection (c) of this section.

(b) Each school district must provide for not less than 20 hours of staff development training under guidelines provided by the commissioner of education. The training provided must include technology training and must occur during regular hours of required teacher service. On the request of a teacher, a school district may credit the teacher compensatory time to be applied toward the number of training hours required under this subsection for workshops, conferences, or other professional training that the teacher has attended.

(c) The commissioner of education may approve the operation of schools for less than the number of days of instruction and teacher preparation otherwise required when disasters, floods, extreme weather conditions, fuel curtailments, or other calamities have caused the closing of the school.

(d) Each school district may reserve three hours of the first preparation day provided each school year under Subsection

1 (a) of this section for faculty staff meetings.

2 (2) In Section 1 of the bill, strike amended Sections
3 16.055-16.057, Education Code, and substitute the following: NB 5/12/92

4 p 11-21
5 Sec. 16.055. COMPENSATION OF PROFESSIONAL AND
6 PARAPROFESSIONAL PERSONNEL. (a) A school district must pay each
7 employee who is qualified for and employed in a position classified
8 under the Texas Public Education Compensation Plan set forth in 11/12
9 Section 16.056 of this chapter not less than the minimum monthly
10 base salary, plus increments for teaching experience, specified for
11 the position.

12 (b) Contracts for personnel shall be made on the basis of a
13 minimum of 10 months' service, which must include the number of
14 days of instruction for students and days of preparation for
15 personnel required by Section 16.052 of this code. The days of
16 preparation required under Section 16.052(a) of this code [herein]
17 shall be conducted by local boards of education under rules and
18 regulations established by the State Board of Education that are
19 consistent with the state accreditation standards for program
20 planning, preparation, and improvement. Personnel employed for
21 more than 10 months shall be paid not less than the minimum monthly
22 base pay plus increments for experience for each month of actual
23 employment. Personnel employed for 11 months at pay grades 1-11
24 must render 202 days of service, and personnel employed for 12
25 months at pay grades 1-11 must render 220 days of service.
26 Personnel employed for 11 months at pay grades 12-18 must render
27 207 days of service, and personnel employed for 12 months at pay
grades 12-18 must render 226 days of service. However, the number

1 of days of service required by this subsection may be reduced by
2 the commissioner under Section 16.052(c) of this code, and the
3 reduction shall not reduce the total salaries of personnel.

4 (c) Notwithstanding Subsection (b) of this section, a
5 vocational agriculture teacher employed for 12 months shall render ¹²/₁₃
6 226 days of service regardless of pay grade.

7 Sec. 16.056. TEXAS PUBLIC EDUCATION COMPENSATION PLAN.

8 (a) School district personnel who are qualified for and employed
9 in positions described in Subsection (d) of this section shall be
10 paid not less than the monthly base salary, plus increments for
11 teaching experience, set forth in Subsection (c) of this section,
12 or greater amounts provided by appropriation.

13 NB (b) Each individual shall advance one step per each year of
14 experience until step 10 is reached. For each year, up to a
15 maximum of two years, of work experience required for certification
16 in a vocational field, a vocational teacher who is certified in
17 that field is entitled to salary step credit as if the work
18 experience were teaching experience.

19 (c) SALARY SCHEDULE BY STEPS

| | | | | | | | | | | | |
|----|------|------|------|------|------|------|------|------|------|------|------|
| 20 | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 21 | 1700 | 1814 | 1928 | 2042 | 2156 | 2270 | 2384 | 2498 | 2612 | 2726 | 2840 |

22 (d) The following positions are entitled to the minimum
23 monthly salary set by Subsection (c) of this section for the number
24 of annual contract months specified:

| 1 | No. | Class Title |
|----|-------------|-----------------------------------|
| 2 | Months Paid | |
| 3 | 10 | Nurse, R.N. and/or |
| 4 | | Bachelor's Degree $\frac{13}{14}$ |
| 5 | 10 | Special Education |
| 6 | | Related |
| 7 | | Service Personnel (other |
| 8 | | than Occupational or |
| 9 | | Physical Therapist), |
| 10 | | Bachelor's Degree |
| 11 | 10 | Teacher, Bachelor's |
| 12 | | Degree |
| 13 | 10 | Vocational Teacher, |
| 14 | 11 | Bachelor's Degree and/or |
| 15 | 12 | Certified in Field |
| 16 | 10 | Librarian I, Bachelor's |
| 17 | | Degree |
| 18 | 10 | Visiting Teacher I, |
| 19 | | Psychological Associate, |
| 20 | | Bachelor's Degree |
| 21 | 10 | Special Education |
| 22 | | Related |
| 23 | | Service Personnel (other |
| 24 | | than Occupational or |
| 25 | | Physical Therapist), |
| 26 | | Master's Degree |
| 27 | 10 | Teacher, Master's Degree |

| | | |
|-----------|----|---------------------------------|
| 1 | 10 | Vocational Teacher, |
| 2 | 11 | Master's Degree $\frac{14}{15}$ |
| 3 | 12 | |
| 4 | 10 | Librarian II, Master's |
| 5 | | Degree |
| 6 | 10 | Physician, M.D. |
| 7 | 10 | Teacher, Bachelor of Laws |
| 8 | | or Doctor of Jurispru- |
| 9 | | dence Degree |
| 10 | 10 | Teacher, Doctor's Degree |
| (2) 11 MB | 10 | Special Duty Teacher, |
| 12 | | Master's Degree |
| 13 | 10 | Occupational Therapist |
| 14 | 10 | Physical Therapist |
| 15 | 10 | Educational |
| 16 | | Diagnostician |
| 17 | 10 | Visiting Teacher II, |
| 18 | | Master's Degree |
| 19 | 10 | Counselor I, |
| 20 | | Psychologist |
| 21 | 10 | School Social Worker |
| 22 | 10 | Supervisor I |
| 23 | 10 | Part-time Principal--11 or |
| 24 | | fewer teachers on campus |
| 25 | 10 | Instructional/Administra- |
| 26 | | tive Officer I $\frac{15}{16}$ |

| | | |
|----|----|---|
| 1 | 10 | Assistant Principal--20 or more teachers on campus |
| 2 | | |
| 3 | 10 | Instructional/Administra- tive Officer II |
| 4 | | |
| 5 | 11 | Principal--19 or fewer teachers on campus |
| 6 | | |
| 7 | 10 | Instructional/Administra- tive Officer III |
| 8 | | |
| 9 | 11 | Principal--20-49 teachers on campus |
| 10 | | |
| 11 | 11 | Instructional/Administra- tive Officer IV |
| 12 | | |
| 13 | 11 | Principal--50-99 teachers on campus |
| 14 | | |
| 15 | 12 | Principal--100 or more teachers on campus |
| 16 | | |
| 17 | 12 | Instructional/Administra- tive Officer V |
| 18 | | |
| 19 | 12 | Instructional/Administra- tive Officer VI |
| 20 | | |
| 21 | 12 | Superintendent--District with 3,000 or less ADA |
| 22 | | |
| 23 | | |
| 24 | 12 | Instructional/Administra- tive Officer VII ¹⁶ / ₁₇ |
| 25 | | |
| 26 | 12 | Superintendent--District with 3,001-12,500 ADA |
| 27 | | |

| | | |
|---|----|---------------------------|
| 1 | 12 | Instructional/Administra- |
| 2 | | tive Officer VIII |
| 3 | 12 | Superintendent--District |
| 4 | | with 12,501-50,000 ADA |
| 5 | 12 | Superintendent--District |
| 6 | | with 50,000 or more ADA |

(e) With the approval of the State Board of Education, the commissioner of education may add additional positions and months of service to the Texas Public Education Compensation Plan to reflect curriculum and program changes authorized by law. With the approval of the board, the commissioner shall also develop policies for the implementation and administration of the compensation plan.

(f) Each person employed in the public schools of this state who is an educational aide, teacher trainee, or nondegree teacher or who is assigned to a position classified under the Texas Public Education Compensation Plan must be certified according to the certification requirements or standards for each position as established by rule adopted by the State Board of Education. However, additional certification may not be required of a person holding a valid state license as a speech language pathologist or audiologist. Persons other than those holding such a license may only be employed to render such services if an acceptable licensed applicant is not available. ¹²/₁₈

(g) The State Board of Education shall prescribe the general duties and required preparation and education for educational aides, teacher trainees, and nondegree teachers and for the

positions listed in Subsection (d) of this section under the circumstances described therein.

(h) In determining the placement of a teacher on the salary schedule under Subsection (c) of this section, a district shall credit the teacher for each year of experience, whether or not the years are consecutive. Notwithstanding the provision of this subsection, no teacher shall be placed on the salary schedule at a step above the step where the teacher would have been placed had that teacher remained in continuous service.

Sec. 16.057. CAREER LADDER SALARY SUPPLEMENT. (a) Except as provided by Subsection (c) of this section, each teacher on level two, three, or four of a career ladder is entitled to the following annual supplement in addition to the minimum salary set by this subchapter:

| | |
|-------------------|---------|
| Level 2 | \$2,000 |
| Level 3 | \$4,000 |
| Level 4 | \$6,000 |

(b) If the district pays more than the state minimum salary prescribed by this subchapter, the teacher is entitled to the career ladder supplement in addition to the amount otherwise paid by the district for the teacher's step.

(c) If the allotment under Section 16.158 of this code that is designated for support of the career ladder will not fully fund the supplements under this section:

(1) the district may reduce the supplements to not less than the following:

| | |
|-------------------|---------|
| Level 2 | \$1,500 |
|-------------------|---------|

Level 3 \$3,000

Level 4 \$4,500

or;

(2) provide for stricter performance criteria than that provided under Section 13.302 of this code, subject to the approval of the State Board of Education; or

(3) take action under both Subdivisions (1) and (2) of this subsection.

✓(3) In Section 1 of the bill, strike amended Section 16.101, Education Code, and substitute the following:

Sec. 16.101. BASIC ALLOTMENT. For each student in average daily attendance, not including the time students spend each day in special education or vocational education programs for which an additional allotment is made under Subchapter D of this chapter, a district is entitled to an allotment of \$2,450, as adjusted under Section 16.158 of this code, [~~\$2,200-for-the-1991-1992-school-year, \$2,400--for--the--1992-1993--school--year,--\$2,600-for-the-1993-1994 school--year,--and--\$2,800--for--the--1994-1995--school--year---and thereafter~~] or a greater amount adopted by the foundation school fund budget committee under Section 16.256 of this code [~~for--the 1993-1994---school--year--and--each--school--year--thereafter~~]. A ¹³/₂₀ different [~~greater~~] amount for any school year may be provided by appropriation.

(4) In Section 1 of the bill, strike the bracketed Section 16.158, Education Code, and substitute the following:

Sec. 16.158. CAREER LADDER ALLOTMENT. (a) Each district is entitled to an allotment for support of the career ladder equal to

1 its unadjusted average daily attendance multiplied by \$90.

2 (b) An allotment under this section may be used only for the
3 purposes of career ladder supplements.

4 (c) From the funds designated for that purpose, the district
5 shall supplement the salary of each teacher above level one on the
6 career ladder. The district shall decide the amount of supplement
7 to be provided at each career ladder level.

8 (d) Money received under this section may not be used to
9 supplement the salary of an employee for directing cocurricular or
10 extracurricular activities.

11 (e) The commissioner shall reduce the basic allotment under
12 Section 16.101 of this code by an amount that would result in a
13 reduction of the state's share of the basic allotment sufficient to
14 fund the career ladder allotment under this section.

15 ✓ (5) In Section 1 of the bill, strike amended Section
16 16.202(4), Education Code, and substitute the following: p.42 l.15

17 (4) transportation and career ladder allotments;

18 ✓ (6) In Section 1 of the bill, strike amended Section
19 16.302(b), Education Code, and substitute the following:

20 (b) In this section, ["WADA", except as provided by Section
21 16.206 of this code, is] the number of weighted students in average
22 daily attendance [~~7~~-which] is calculated by dividing the sum of the
23 school district's allotments under Subchapters C and D of this
24 chapter, less any allotments to the district for transportation,
25 career ladder supplements, or technology and 50 percent of the
26 adjustment under Section 16.102 of this code, by the basic
27 allotment for the applicable year. ~~f, 16~~

1 (7) Strike Section 10 of the bill and substitute the
2 following: *p. 74*

3 SECTION 4. Subchapter B, Chapter 19, Education Code, is
4 amended by adding Section 19.028 to read as follows:

5 Sec. 19.028. DETACHMENT AND ANNEXATION TO REDUCE VARIATIONS
6 IN PROPERTY VALUE. (a) To the extent necessary to reduce
7 variations in property value per student among school districts,
8 for each school year, the commissioner of education, with the
9 approval of the foundation school ^{fund} budget committee as provided by
10 this section, shall order the detachment of all or a portion of
11 property from a district and the annexation of the property to one
12 or more other districts as provided by this section, without regard
13 to whether the property is contiguous to the district to which the
14 property is annexed. A detachment and annexation of real property
15 applies to the taxable personal property having taxable situs in
16 the same location as the real property. *Insert F.A. 1A*

17 (b) The commissioner may detach and annex property under
18 this section only if:

19 (1) the primary use of the property is not
20 residential, as determined under rules adopted by the commissioner;

21 (2) the school district from which the property is
22 being detached, before detachment, has a taxable value of property
23 per weighted student in average daily attendance greater than
24 \$280,000 per weighted student in average daily attendance;

25 (3) the annexation does not result in taxable value of
26 property per weighted student in average daily attendance in the
27 district to which property is being annexed greater than the lowest

①

1 level for which funds are provided under Subchapter H, Chapter 16,
2 of this code;

3 (4) the property is not exempt from ad valorem
4 taxation under Section 11.20 or 11.21, Tax Code;

5 (5) the property is not a building or structure owned
6 by the United States, this state, or a political subdivision of
7 this state that is exempt from ad valorem taxation under law;

Insert F.A. 1B8 →
8 (6) the property is not currently devoted to
9 agricultural purposes and in the preceding tax year was not
10 appraised for ad valorem taxation under Subchapter C or D, Chapter
11 28, Tax Code; and

12 (7) the detachment and annexation would not subject
13 the property to the debt tax rates of more than two districts in
14 the same tax year as a result of multiple detachments and
15 annexations of the property.

16 (c) Property may be detached from a school district under
17 this section only to the extent that, in accordance with a
18 determination of the commissioner, permits the district, by
19 imposing an effective tax rate of \$1.50 on the \$100 valuation of
20 taxable property to the district's taxable value of property, to
21 have available the same amount of revenue per weighted student in
22 average daily attendance for maintenance and operation of the
23 district, excluding reserves for facilities *Insert F.A. 1D* and costs of
24 contributions under this section, that the district spent in the
25 1992-1993 school year.

26 (d) In making a determination under this section, the
27 commissioner shall consider the likelihood that the property would



1 need to be transferred again, so that further detachment and
2 annexation of that property may be minimized.

3 (e) In making a selection among school districts eligible to
4 have property annexed under this section, the commissioner shall
5 give priority to school districts in the following order:

6 (1) first, to a district contiguous to the detached 78/79
7 property;

8 (2) second, to the district nearest to the detached
9 property and located in the same county;

10 (3) third, to another district located in the same
11 county as the detached property;

12 (4) fourth, to a district in which the property would
13 be subject to a tax burden in an amount close to the amount to
14 which the property was subject before detachment; and

15 (5) fifth, to the nearest district in proximity to the
16 detached property.

17 (f) The commissioner shall report to the foundation school
18 ^{fund} budget committee a determination of any detachments and annexations
19 of property to be made under this section not later than July 15 of
20 each year. Not later than July 30, the committee shall approve the
21 commissioner's determination or shall specify to the commissioner
22 its objections. Not later than the 10th day after the date on
23 which the commissioner receives any objections from the committee,
24 the commissioner shall submit a revised determination to the
25 committee, and not later than the 10th day after the date on which
26 the committee receives the revised determination, the committee
27 shall respond to the revised determination. The commissioner and

1

1 the committee shall continue on that schedule until the committee
2 approves a determination. As soon as practicable after approval,
3 the commissioner shall notify each affected school district and
4 property owner and the appraisal ^{79/80} district in which the affected
5 property is located of the determination.

6 (g) A decision or determination of the commissioner or the
7 foundation school ^{Fund} budget committee under this section is final and
8 not appealable. A detachment or annexation action taken under this
9 chapter does not affect a decision of the commissioner under this
10 section. The Administrative Procedure and Texas Register Act
11 (Article 6252-13a, Vernon's Texas Civil Statutes) does not apply to
12 a decision of the commissioner or the foundation school ^{Fund} budget
13 committee under this section.

14 (h) If, as a result of detachment of property under this
15 section, the taxable value of property per weighted student in
16 average daily attendance in a school district is below \$260,000 per
17 weighted student in average daily attendance, the next time the
18 commissioner of education and the foundation school fund budget
19 committee act under Subsection (f) of this section, property shall
20 be annexed to the district to the extent that, after annexation,
21 the taxable value of property per weighted student in average daily
22 attendance does not exceed \$280,000.

23 (i) For foundation school program funding purposes,
24 detachment and annexation under this section takes effect beginning
25 with the school year that begins in the calendar year in which the
26 detachment and annexation determination is made. A detachment and
27 annexation of property applies to the ad valorem taxation of the

(7)

1 property beginning with the tax year in which the detachment and
2 annexation is made. In that tax year, the property is taxable by
3 the school district to which it is annexed and is not taxable by
4 the school district from which it is detached.

5 (j) A student who is a resident of the area in which the
6 property being detached from a school district is located may
7 choose to attend school in that district or in the district to
8 which the property is being annexed. For purposes of determining
9 average daily attendance under Section 16.006 of this code, the
10 student shall be counted in the district to which the property is
11 being annexed. If the student chooses to attend school in the
12 district from which the property is being detached, the state shall
13 withhold any foundation school funds from the district to which the
14 property is being annexed and shall allocate to the district in
15 which the student is attending school those funds and the amount of
16 funds equal to the difference between the state funds the district
17 is receiving for the student and the district's cost in educating
18 the student.

19 (k) If before detachment the school district from which
20 property is detached has authorized the levy of a tax to pay
21 principal and interest on bonds, the district shall continue to
22 levy that tax on the detached property until the bonds, or
23 refinancing bonds for those bonds, have been retired in accordance
24 with Article VII, Section 3-b, of the Texas Constitution. The
25 district to which the property is annexed may not levy on that
26 property a tax to pay principal and interest on bonds issued before
27 the property was annexed or to refinance bonds issued before the

1 property was annexed. In determining to which district to annex
2 property detached under this section, the commissioner shall
3 consider the extent to which the district from which the property
4 is detached is levying a tax on that property to pay principal and
5 interest on bonds.

6 → Insert F.A. # 1C
7 (1) The chief appraiser of each appraisal district shall
8 cooperate with the commissioner in implementing this section.

9 (m) At the request of a person who owns property in the
10 school district to which property is annexed under this section,
11 the district shall send to the person a statement that specifies
12 the portion of the district's tax rate attributable to maintenance
13 and operation of the district and the portion attributable to debt
14 service for the most recent year following annexation and for the
15 last year preceding annexation.

16 (n) A tax abatement agreement executed by a school district
17 from which property is detached under this section that applies to
18 the detached property applies to the taxation of the property by
19 each school district to which the property is annexed under this
20 section as if executed by that school district.

21 (o) For purposes of this section:

22 (1) the number of weighted students in average daily
23 attendance, calculated in the manner provided by Section 16.302 of
24 this code, is the number estimated by the commissioner for the
25 succeeding school year; and

26 (2) the taxable value of property is determined as
27 provided by Section 11.86 of this code.

(8) In Section 31 of the bill, proposed Section 825.4051(a),

p. 98, l. 27
p. 99, l. 1 SE 05/12/97

Government Code, strike "or an amount provided by appropriation".

✓(9) In Section 31 of the bill, proposed Section 825.4051, strike Subsection (c), and substitute the following: p. 99 l. 9

(c) The amount a school district may be required to pay under this section is limited to the lesser of:

(1) the greatest amount that, if subtracted from the^{105/106}
amount of revenue generated by the district's current tax rate for
maintenance and operation of the district, would provide the
district with an amount of revenue equal to the amount that that
tax rate would generate if applied to a taxable value of property
of \$280,000 per weighted student in average daily attendance; or

(2) the amount that permits the district, by imposing
an effective tax rate for maintenance and operation of the district
of \$1.50 on the \$100 valuation of taxable property to the
district's taxable value of property determined as provided by
Section 11.86, Education Code, to have available the same amount of
revenue per weighted student in average daily attendance for
maintenance and operation of the district, excluding reserves for
facilities and costs of contributions under this section, that the
district spent in the 1992-1993 school year.

✓(10) In Section 31 of the bill, proposed Section 825.4051, Government Code, insert Subsection (e) to read as follows:

(e) In this section, the number of weighted students in
average daily attendance is calculated in the manner provided by
Section 16.302, Education Code.

(11) Add an appropriately numbered section to read as follows and renumber subsequent sections accordingly:

SE 05/12/93

1 SECTION 23. Section 26.08, Tax Code, is amended by adding
2 Subsections (k), (l), and (m) to read as follows:

3 (k) Notwithstanding Subsection (a), ^{of this section} the voters of a school
4 district may not petition for an election to ^{103/104} limit taxes under this
5 section for the 1993 tax year unless the governing body of the
6 school district adopts a tax rate that exceeds the sum of:

7 (1) the district's effective maintenance rate;

8 (2) the rate of \$0.08;

9 (3) the district's current debt rate; and

10 (4) the rate that, applied to the district's current
11 total value, would impose taxes in an amount equal to the amount of
12 central education district taxes received by the school district
13 for the 1992-1993 school year.

14 (l) For the 1993 tax year, the rollback tax rate of a school
15 district calculated under Subsection (e) ^{of this section} is increased by the rate
16 that, applied to the district's current total value, would impose
17 taxes in an amount equal to the amount of central education
18 district taxes received by the school district for the 1992-1993
19 school year.

20 (m) This subsection and Subsections (k) and (l) ^{of this section} expire
21 January 1, 1995.

22 ^{p. 70-13} ✓(12) Strike Sections 3-8, 29, ^{p. 97} and 30 ^{p. 98} of the bill and
23 renumber the remaining sections of the bill accordingly.

24 ✓(13) Strike current Section 32 of the bill and substitute
25 the following appropriately numbered section: ^{p. 99}

26 SECTION 24. The following provisions are repealed:

27 (1) Section 1.05 and Subchapter G, Chapter 20,

SE
65/12/93

1 Education Code; and ¹⁰⁶/107

2 (2) Sections 6.061(f), 26.12(e), and 312.002(e) and
3 (f), Tax Code.

4 ✓(14) In Section 33 of the bill, strike "affected school
5 district" and substitute "affected school district, property owner,
6 and appraisal district".

p. 100, l. 7

SE 05/12/93

ADOPTED

MAY 12 1993

Henry King
Secretary of the Senate

Amendment No. 1A

By: Turner

Amend Amendment No. 1 to C.S.S.B. No. 7 in Section 10, proposed Section 19.028, Education Code, by adding the following after the end of the last sentence of proposed Subsection (a):--

To the greatest extent possible, the commissioner shall provide for the detachment or annexation of whole parcels of property. However, the commissioner may detach or annex a portion of a parcel of property separately from the remainder of the parcel if necessary to carry out the purposes of this section, and for that purpose may partition a parcel of property for ad valorem taxation. If portions of a parcel or other item of property are located in different school districts as the result of a detachment or annexation, the parcel or other item of property shall be appraised for taxation as a unit, and the foundation school ^{Fund} budget committee, on the recommendation of the commissioner, shall determine the portion of ^{74/77} the taxable value of the property that is located in each of those school districts.

p. 11, l. 16 of F.A. #1

Flour Am. # 1A
5-12-93
S. 05/12/93

ADOPTED

MAY 12 1993

Butte Ling
Secretary of the Senate

Amendment No. 1B

By: Turner

Amend Amendment No. 1 to C.S.S.B. No. 7 in Section 10,
proposed Section 19.028, Education Code, by striking proposed
Subsection (b)(6) and substituting the following:

⁶(6) the property is not currently devoted to
agricultural purposes and in the preceding tax year was not
appraised for ad valorem taxation under Subchapter C or D, Chapter
23, Tax Code, unless detachment and annexation of that land is a
necessary incident to the detachment and annexation of a mineral
interest; *and*

p. 12, l. 8 of F.A. #1

Floor Am. # 1B
5-12-93
SF 25/12/93

ADOPTED

MAY 12 1993

Deputy King
Secretary of the Senate

Amendment No. 1C

By: *Turner*

1 Amend Amendment No. 1 to C.S.S.B. No. 7 in Section 10,
2 proposed Section 19.028, Education Code, by striking proposed
3 Subsection (L) and substituting the following:

4 (L) The chief appraiser of each appraisal district and the
5 comptroller shall cooperate with the commissioner in implementing
6 this section.

p. 16, l. 6 of F.A.#1

From Am. # 1C
5-12-93
5:05/12/93

Floor Amendment No. 1D

By: Turner

Amend Amendment No. 1 to C.S.S.B. No. 7, as follows:

In Section ____, Subchapter B, Chapter 19, Education Code, Section 19.028(c), on p. 12, line 23, strike "and" and replace it with the following phrase:

"but including amounts necessary to pay contracted obligations on the lease purchase of permanent improvements to real property entered into on or before May 12, 1993, and excluding"

ADOPTED

MAY 12 1993

Butte King
Secretary of the Senate

4/100 Am. # 1D
5-12-93
S. 05/12/93

AMENDMENT NO. # 2

BY Ratliff

1 Amend C.S.S.B. No. 7 by striking Section 38 of the bill and
2 substituting the following:

3 SECTION ~~38~~³². (a) This Act applies to taxes imposed on or
4 after January 1, 1993.

5 (b) Changes in the funding of special education under
6 Section 16.151, Education Code, as amended by this Act, apply
7 beginning with the 1994-1995 school year. Any other change in the ^{105/}
8 funding of public schools and changes in the compensation of school ¹¹⁰⁹
9 district personnel made by this Act apply beginning with the
10 1993-1994 school year.

ADOPTED

MAY 12 1993

Debbie King
Secretary of the Senate

Floor Am. # 2
5-12-93

SE 5/12/93

Amend C.S.S.B. 7 as follows:

Add a new section, appropriately numbered, to read as follows:

SECTION 5. Subchapter I, Chapter 19, Education Code, is amended by adding

Section 19.202 to read as follows:

Sec. 19.202. BOUNDARY ADJUSTMENTS TO ACHIEVE FINANCIAL EQUITY.

(a) Any two or more school districts may adjust their boundaries by agreement if at the time the agreement is executed:

MAY 12 1993

(1) the agreement has been approved by the board of trustees of each of the affected school districts;

Secretary of the Senate

(2) all districts from which property is detached have a wealth per weighted student greater than \$280,000 before adjustment;

(3) the agreement results in all districts to which property is attached ^{having} wealth per weighted student equal to or less than \$170,000 per weighted student as recognized by the commissioner of education after adjustment; and

(4) the agreement provides a metes and bounds description of the ^{or} district boundaries.

(b) Any agreement made between school districts under Subsection (a) of this section must be approved by the commissioner of education.

(c) If the commissioner approves the agreement, the commissioner shall determine the effective date of the transfer of the property of the districts.

(d) In this section:

(1) "Wealth per student" means the taxable value of property, as determined under Section 11.86 of this code, per student in weighted average daily attendance.

(2) "Weighted students in average daily attendance" has the meaning assigned by Section 16.302 of this code.

Floor Am. # 3
5-12-93
5/12/93

2

ADOPTED

MAY 12 1993

Butt, Ling
Secretary of the Senate

FLOOR AMENDMENT NO. 4

BY Luna

23 82
61 32

1 SECTION 14 OF CSSB7, Sec. 21.032(c) on line ~~28~~, page ~~22~~, add:
2 A student who attends at least 85 percent of the program days
3 of a program under this section shall be promoted to the next
4 grade level at the beginning of the next school year unless a
5 parent of the student presents a written request to the school
6 principal that the student not be promoted to the next grade
7 level. As soon as practicable after receiving the request from a
8 parent, the principal shall hold a formal meeting with the
9 student's parent, extended-year program teacher, and counselor.
10 During the meeting, the principal, teacher, or counselor shall
11 explain the longitudinal statistics on the academic performance
12 of students who are not promoted to the next grade level and
13 provide information on the effect of retention on a student's
14 self-esteem and on the likelihood of a student dropping out of
15 school. After the meeting, the parent may withdraw the request
16 that the student not be promoted to the next grade level. If the
17 parent of a student eligible for promotion under this subsection
18 withdraws the request, the student will be promoted. If a
19 student is promoted under this ^{87/88} subsection, the school district
20 shall continue to use innovative practices to ensure that the
21 student is successful in school in succeeding years. A school
22 district that provides a program under this section shall adopt a
23 policy designed to lead to immediate reduction and ultimate
24 elimination of student retention.

Floor Am. # 4
5-12-93
SE 05/12/93

5
FLOOR AMENDMENT NO. 111

BY BIVINS
B

~~Floor Amendment~~
Amend C.S.S.B. 7 as follows:

On page 40 add a new Section 39 to the bill and renumber the remaining section accordingly:

SECTION ³³~~39~~. Notwithstanding subsection (c), Section 19.028, Education Code, as added by this act, property may be detached from a school district under this section only to the extent that, in accordance with a determination of the commissioner of education, the total amount of taxes per weighted student in average daily attendance that the district can impose for maintenance and operation of the district at an effective tax rate of \$1.25 on the \$100 valuation of taxable property applied to the taxable value of property in the district after detachment is not less than the amount of taxes per weighted student in average daily attendance spent by the district in the 1992-1993 school year for maintenance and operation, excluding reserves for facilities. This ^{section} provision expires August 31, 1994.

ADOPTED

MAY 12 1993

Henry King
Secretary of the Senate

F.A.# 5
5-12-93
SE 05/12/93

1 ~~44~~
AMENDMENT NO. ~~44~~ 10

ADOPTED
BY ~~Roller~~
MAY 12/1993

Amend C.S.S.B. 7 as follows:

On page 18, strike lines 3-18 and substitute the following for Sec. 16.205:

Don King
Secretary of the Senate

3 ~~Sec. 16.205.~~ LIMIT ON ADMINISTRATIVE COSTS. (a) The
4 commissioner of education ^{by rule} shall determine annually:
5 (1) an administrative cost ratio for school
6 districts with fewer than 500 students in average daily
7 attendance;
8 (2) an administrative cost ratio for school
9 districts with 500 to 999 students in average daily
10 attendance;
11 (3) an administrative cost ratio for school
12 districts with 1,000 to 4,999 students in average daily
13 attendance;
14 (4) an administrative cost ratio for school
15 districts with 5,000 to 9,999 students in average daily
16 attendance; and
17 (5) an administrative cost ratio for school
18 districts with more than 10,000 students in average daily
19 attendance.
20 (b) The commissioner of education may adjust the
21 administrative cost ratio of a district to allow for
22 additional administrative costs required by:
23 (1) the sparsity of the district; or
24 (2) students with special needs.
25 (c) Not later than February 1 of each year, the
26 commissioner of education shall notify all districts of the
27 requirements and standards for determining administrative
28 cost ratios for the following year. Not later than March 1 of
29 each year, ^{Central} ~~Texas~~ Education Agency staff shall conduct a desk
30 audit of prior-year expenditure data available through the
31 Public Education Information Management System (PEIMS) to
32 identify those districts whose administrative cost ratio in

Floor Am. # 6
5-12-93

NB
1 5/12/93

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1 the prior year exceeded their adjusted group standard.
2 Districts with an administrative cost ratio in excess of
3 their adjusted group standard shall be notified by March 15
4 that they have excessive administrative costs and that they
5 are required to reduce these costs to the level of the
6 adjusted group standard for the following school year.
7 Within ⁶⁰~~sixty~~ days of such notification, a district shall
8 respond to the commissioner of education by submitting a
9 description of the district's plan to comply with the
10 standard for the following year or request a waiver from the
11 commissioner of education explaining why the district cannot
12 comply with the standard. Not later than June 30, the
13 commissioner of education shall notify responding districts
14 if further action is needed.

15 (d) If a school district fails to reduce administrative
16 costs to the level required by this section, the commissioner
17 of education shall deduct from a school district's tier one
18 allotments an amount equal to the amount by which the
19 district's administrative costs exceed the amount permitted
20 by its administrative cost ratio, unless the commissioner has
21 granted a waiver in response to the district's request. The
22 commissioner shall make a deduction under this subsection
23 from the foundation school fund payments to the district in
24 the school year following the school year in which the plan
25 to reduce costs was to be implemented. If a school district
26 does not receive a tier one allotment, the district shall
27 remit an amount equal to the excess to the comptroller for
28 deposit to the credit of the foundation/school fund. ⁴⁵
46

29 (e) The commissioner of education may grant a waiver to
30 a school district that exceeds its administrative cost ratio
31 if the excess is justified by unusual circumstances.

1 (f) A school district shall include a statement of any
2 amount withheld or remitted under Subsection (d) of this
3 section in the district report card required by Section
4 21.25⁴ of this code.

5 (g) In this section:

6 (1) "Administrative cost ratio" means a school
7 district's administrative costs divided by its instructional
8 costs, expressed as a percentage.

9 (2) "Administrative costs" are defined as
10 operating expenses made from funds other than federal funds
11 associated with managing, planning, directing, coordinating,
12 and evaluating a school district in accordance with
13 Accounting functions 21 - Instructional Administration, and 41
14 - General Administration as described in the Financial
15 Accounting Manual^{Bulletin 679} for Budgeting, Accounting, and Auditing in
16 Texas Public Schools, Ninth Edition, published by the ^{Central}~~Texas~~
17 Education Agency.

18 (3) "Instructional costs" are defined as operating
19 expenses made from funds other than federal funds associated
20 with teacher⁻student instruction in accordance with
21 Accounting functions 11 - Instruction, ^{Services}
22 22 - Instructional Resources and Media, ^{Instructional} 25 - Curriculum and
23 Staff Development, and 31 - Guidance and Counseling^{Services} as
24 described in the Financial/Accounting Manual^{Bulletin 679} for Budgeting,
25 Accounting, and Auditing in Texas Public Schools, Ninth
26 Edition, published by the ^{Central}~~Texas~~ Education Agency.

27 (4) "Adjusted group standard" is the acceptable
28 administrative cost ratio for each district as determined in
29 accordance with subsections (a) and (b) of this section.

///

ADOPTED

MAY 12 1993

Letty Ling
Secretary of the Senate

Leol
AMENDMENT NO. *8*

BY *Turner*

5.05/12/93

Amend C.S.S.B. No. 7 in Section 21 as follows:

(1) Strike the description of the provisions of Section 6.03, Tax Code, to be amended and substitute the following: *p. 88*
Section 6.03, Tax Code, is amended by amending Subsections (c) *through* (e) and adding Subsection (m) to read as follows:

(2) At the end of Section 21, immediately after proposed Section 6.03(e), Tax Code, insert the following:

(m) If a school district participates in an appraisal district in which the only property of the school district located in the appraisal district is property annexed to the school district under Section 19.028, Education Code, an individual who does not meet the residency requirements of Subsection (a) is eligible to be appointed to the board of directors of the appraisal district if:

(1) the individual is a resident of the school district; and

(2) the individual is nominated as a candidate for the board of directors by the school district or, if the taxing units have adopted a change in the method of appointing board members that does not require a nomination, the school district appoints or participates in the appointment of the individual. *9/1/97*

How Am. # 7

5-12-93

SE 05/12/93

AMEND THE CAPTION TO CONFORM
TO THE BODY OF THE BILL

ADOPTED

MAY 12 1993

Wm. Ling
Secretary of the Senate

May 12 1993 Engrossed

Satsy Saw
Engrossing Clerk

I certify that the attached is a true and correct
copy of SB 7 which was
introduced on 5.13.93 and
referred to the Committee on Public Education

[Signature]
Chief Clerk of the House

By: Ratliff

S.B. No. 7

A BILL TO BE ENTITLED

AN ACT

relating to public school education and finance.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 16, Education Code, is amended to read as follows:

CHAPTER 16. FOUNDATION SCHOOL PROGRAM

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 16.001. STATE POLICY. (a) It is the policy of the State of Texas that the provision of public education is a state responsibility and that a thorough and efficient system be provided and substantially financed through state revenue sources so that each student enrolled in the public school system shall have access to programs and services that are appropriate to his or her educational needs and that are substantially equal to those available to any similar student, notwithstanding varying local economic factors.

(b) The public school finance system of the State of Texas shall adhere to a standard of neutrality which provides for substantially equal access to similar revenue per student at similar tax effort, considering all state and local tax revenues of districts after acknowledging all legitimate student and district cost differences.

Sec. 16.002. PURPOSE OF FOUNDATION SCHOOL PROGRAM. (a) The purposes of the Foundation School Program set forth in this chapter

are to guarantee that each school district in the state has:

(1) adequate resources to provide each eligible student a basic instructional program and facilities suitable to the student's educational needs; and

(2) access to a substantially equalized program of financing in excess of basic costs for certain services, as provided by this chapter.

(b) The Foundation School Program consists of two tiers to provide for the purposes specified by Subsection (a) of this section. The first tier guarantees sufficient financing for all school districts to provide a basic program of education that meets accreditation and other legal standards. The second tier provides a guaranteed yield system of financing to provide all school districts with substantially equal access to funds to provide an enriched program and additional funds for facilities.

Sec. 16.003. STUDENT ELIGIBILITY. (a) A student is entitled to the benefits of the Foundation School Program if he is 5 years of age or older and under 21 years of age at the beginning of the scholastic year and has not graduated from high school.

(b) A student to whom Subsection (a) of this section does not apply is entitled to the benefits of the Foundation School Program if the student is enrolled in a prekindergarten class under Section 21.136 of this code.

(c) The commissioner of education, in consultation with the Commissioner of Human Services, shall monitor and evaluate

S.B. No. 7

1 prekindergarten programs in the State of Texas as to their
2 developmental appropriateness. Furthermore, the commissioner of
3 education, in consultation with the Commissioner of Human Services,
4 shall evaluate the potential for coordination on a statewide basis
5 of prekindergarten programs with government-funded early childhood
6 care and education programs such as child care administered under
7 Chapter 44 of the Human Resources Code and federal Head Start
8 programs. This evaluation shall utilize recommendations contained
9 in the report to the 71st Legislature required by Chapter 717, Acts
10 of the 70th Legislature, Regular Session, 1987. For the purpose of
11 providing cost-effective care for children during the full work day
12 with developmentally appropriate curriculum, the commissioners
13 shall investigate the use of existing child care program sites as
14 prekindergarten sites. Following the evaluation required by this
15 section, the commissioners, in cooperation with school districts
16 and other program administrators, shall integrate programs, staff,
17 and program sites for prekindergarten, child care, and federal Head
18 Start programs to the greatest extent possible.

19 (d) A child may be enrolled in the first grade if he is at
20 least six years of age at the beginning of the scholastic year or
21 has been enrolled in the first grade or has completed kindergarten
22 in the public schools in another state prior to transferring to a
23 Texas public school.

24 Sec. 16.005. ADMINISTRATION OF THE PROGRAM. The
25 commissioner of education, in accordance with the rules of the

1 State Board of Education, shall take such action and require such
2 reports consistent with the terms of this chapter as may be
3 necessary to implement and administer the Foundation School
4 Program.

5 Sec. 16.006. AVERAGE DAILY ATTENDANCE. (a) In this
6 chapter, average daily attendance is the quotient of the sum of
7 [determined-by-the-daily] attendance for each day [as-averaged-each
8 month] of the minimum school year as described under Section
9 16.052(a) of this code and for each day approved by the
10 commissioner of education for an extended year program under
11 Section 21.562 of this code divided by the number of days in the
12 minimum school year.

13 (b) A school district that experiences a decline of two
14 percent or more in average daily attendance as a result of the
15 closing or reduction in personnel of a military base shall be
16 funded on the basis of the actual average daily attendance of the
17 immediately preceding school year.

18 (c) The commissioner of education shall adjust the average
19 daily attendance of school districts that have a significant
20 percentage of students whose parent or guardian is a migrant
21 worker. For the purposes of this subsection, "migrant worker" has
22 the meaning assigned by Section 21.5515 of this code.

23 (d) The commissioner may adjust the average daily attendance
24 of a school district in which a disaster, flood, extreme weather
25 condition, fuel curtailment, or other calamity has a significant

1 effect on the district's attendance.

2 Sec. 16.007. PUBLIC EDUCATION INFORMATION MANAGEMENT SYSTEM
3 (PEIMS). (a) Each school district [~~and--each-county-education~~
4 ~~district~~] shall participate in the Public Education Information
5 Management System (PEIMS) and shall provide through that system
6 information required for the administration of this chapter and of
7 other appropriate provisions of this code.

8 (b) Each school district shall use a uniform accounting
9 system adopted by the commissioner of education for the data
10 required to be reported for the Public Education Information
11 Management System.

12 [~~{c}--The-Central-Education-Agency-shall-report--annually--to~~
13 ~~the-Legislative-Education-Board-the-financial-status-of-each-county~~
14 ~~education--district.---The-report-shall-include-the-total-state-and~~
15 ~~local-education-revenues-for-each-tier--of--the--Foundation--School~~
16 ~~Program-]~~

17 Sec. 16.008. EQUALIZED FUNDING ELEMENTS. (a) The
18 Legislative Education Board shall adopt rules, subject to
19 appropriate notice and opportunity for public comment, for the
20 calculation for each year of a biennium of the qualified funding
21 elements under Section 16.256(e) of this code necessary to achieve
22 the state policy under Section 16.001 of this code not later than
23 the 1994-1995 school year and for each school year thereafter.

24 (b) Not [~~Beginning--in--1992,--not~~] later than October 1
25 preceding each regular session of the legislature, the board shall

report the equalized funding elements to the foundation school fund budget committee, the commissioner of education, and the legislature.

[Sec. 16-009. REVENUE LIMIT. (a) The revenue limit is an amount equal to 110 percent of the amount of state and local funds guaranteed under the Foundation School Program per student in weighted average daily attendance to each school district at a total tax rate of \$0.25 per \$100 of taxable value of property as calculated for the 1994-1995 school year.

(b) Not later than April 15, the commissioner of education shall estimate the revenue limit for each school district for the current school year and shall certify that amount to each school district.

(c) Not later than August 15 of each year the commissioner of education shall determine as nearly as possible for the current school year:

(1) the total amount of state and local funds per student in weighted average daily attendance available in each school district; and

(2) the total amount of state and local funds per student in weighted average daily attendance required for debt service in each school district.

(d) The commissioner shall determine the total number of students in weighted average daily attendance in school districts in which the amount specified in Subsection (c)(1) of this section

1 less-the-amount-specified-in-Subsection--(c)(2)--of--this--section,
2 exceeds-the-revenue-limit.

3 [(e)--If--the--total--number--of--students-in-weighted-average
4 daily--attendance--in--districts--with--state--and--local--revenues
5 exceeding-the-revenue-limit-equals-or-exceeds-two--percent--of--the
6 total--number--of--students-in-weighted-average-daily-attendance-for
7 the-current-school-year, no-school-district-may-levy--a--tax--at--a
8 rate--that--would--result--in--an--amount-of-state-and-local-funds,
9 excluding-funds-required-for-debt-service, during-the--next--school
10 year--that--exceeds--the-revenue-limit, except-that-those-districts
11 exceeding-the-revenue-limit-may-maintain--during--the--next--school
12 year--the--total--amount--of--state--and--local-funds-per-student-in
13 weighted-average-daily-attendance-for-the-current-school-year.--The
14 commissioner-shall-notify-those-districts--in--which--revenues--are
15 subject-to-the-limitation-imposed-in-this-subsection.

16 [(f)--In-this-section:

17 [(1)--"Weighted--student--in--average-daily-attendance"
18 has-the-meaning-assigned-in-Section-16.302-of-this-code.

19 [(2)--"Taxable--value--of--property"--has--the--meaning
20 assigned-in-Section-11.86-of-this-code.

21 [Sec.-16.010.--DEFINITION.----In---this---chapter,----"school
22 district"--does--not--include--a--county--education-district-unless
23 expressly-included.

24 [Sec.-16.011.--NOTICE-OF-YIELDS-TO--BE--PUBLISHED.---(a)--Not
25 earlier--than-the-30th-day-or-later-than-the-seventh-day-before-the

date-of-adopting-a-tax-rate-for-the-years--1991--1992--1993--and
1994--a--school-district-shall-publish-the-following-notice--using
the-yields-and-tax-rates-certified-by-the-commissioner:

["NOTICE-OF-COMPARABLE-TAX-RATES-AND-REVENUES

"The-legislature-has-enacted-a-statute-on-school-funding--to
comply--with--a--court--mandate--enforcing--the-state-constitution.
Under-prior-statutes--the-tax-rate-for-last-year-provides-----per
student-in-state-and-local-revenues--Under-this-statute--that-same
rate-now-provides-----per-student-in-state-and-local-revenues.

"State-law-only-requires-a-minimum-tax--rate--of-----for
county--education--districts---State-law-does-not-require-a-school
district-to-adopt-additional-taxes---Neither-does-state-law-require
a-school-district-to-adopt-a-tax-rate-that-maximizes-the-receipt-of
state-funds.

"The-board-of-trustees-of-the-----School--District--hereby
gives--notice--that-it-is-considering-the-adoption-of-a-tax-rate-of
-----that-will-provide-----per--student--in--state--and--local
revenues."

{b}--If--a--district--is-required-to-give-public-notice-of-a
hearing-under-Section-26.067-Tax--Code--the--notice--described--by
Subsection--(a)--of--this--section--may-be-included-in-the-required
notice-under-Section-26.067-Tax-Code.

{c}--The-notice-described-by-Subsection-(a)-of-this--section
shall---be--published--in--the--two--newspapers--with--the--largest
circulation-within-the-school-district-unless-only-one-newspaper-is

1 in-general-circulation-within-the-district.--The-notice-may-not--be
2 smaller--than-one-quarter-page-of-a-standard-size-or-a-tabloid-size
3 newspaper, and-the-headline-must-be-18-point-or-larger-type.

4 [(d) --The-notice-described-by-Subsection-(a)-of-this--section
5 must--also--be--included--in--the--tax-bill-or-a-separate-statement
6 accompanying-the-tax-bill.

7 [(e) --The-commissioner-shall-adopt-rules--to--implement--this
8 section.

9 [(f) --This-section-expires-January-1, -1995.

10 SUBCHAPTER B. REQUIREMENTS FOR DISTRICT PARTICIPATION IN THE
11 FOUNDATION SCHOOL PROGRAM FUND

12 Sec. 16.051. REQUIRED COMPLIANCE. In order to receive
13 financial support from the Foundation School Fund, a school
14 district must comply with the standards set forth in this
15 subchapter.

16 Sec. 16.052. OPERATION OF SCHOOLS; TEACHER PREPARATION AND
17 STAFF DEVELOPMENT. (a) Each school district must provide for not
18 less than 180 days of instruction for students and not less than
19 three days of preparation for teachers for each school year, except
20 as provided in Subsection (c) of this section.

21 (b) Each school district must provide for not less than 20
22 hours of staff development training under guidelines provided by
23 the commissioner of education. The training provided must include
24 technology training and must occur during regular hours of required
25 teacher service. On the request of a teacher, a school district

1 may credit the teacher compensatory time to be applied toward the
2 number of training hours required under this subsection for
3 workshops, conferences, or other professional training that the
4 teacher has attended.

5 (c) The commissioner of education may approve the operation
6 of schools for less than the number of days of instruction and
7 teacher preparation otherwise required when disasters, floods,
8 extreme weather conditions, fuel curtailments, or other calamities
9 have caused the closing of the school.

10 (d) Each school district may reserve three hours of the
11 first preparation day provided each school year under Subsection
12 (a) of this section for faculty staff meetings.

13 Sec. 16.053. ACCREDITATION. Each school district must be
14 accredited by the Central Education Agency.

15 Sec. 16.054. STUDENT/TEACHER RATIOS; CLASS SIZE.

16 (a) Except as provided by Subsection (b) of this section, each
17 school district must employ a sufficient number of certified
18 teachers to maintain an average ratio of not less than one teacher
19 for each 20 students in average daily attendance.

20 (b) A school district may not enroll more than 22 students
21 in a kindergarten, first, second, third, or fourth grade class.
22 This requirement shall not apply during the last 12 weeks of any
23 school year.

24 (c) In determining the number of students to enroll in any
25 class, a district shall consider the subject to be taught, the

1 teaching methodology to be used, and any need for individual
2 instruction.

3 (d) On application of a school district, the commissioner
4 may except the district from the limits in Subsection (b) of this
5 section if the commissioner finds the limits work an undue hardship
6 on the district. An exception expires at the end of the semester
7 for which it is granted, and the commissioner may not grant an
8 exception for more than one semester at a time.

9 (e) The commissioner shall report to the legislature each
10 biennium regarding compliance with this section. The report must
11 include:

12 (1) a statement of the number of school districts
13 granted an exception under Subsection (d) of this section; and

14 (2) an estimate of the total cost incurred by school
15 districts in that biennium in complying with this section.

16 (f) Not later than the 45th day after the first day of the
17 school year, each school committee established under Section 21.931
18 of this code shall file a written report with the school district
19 that states the class size of each class in the school. Not later
20 than the 60th day after the first day of the school year, each
21 school district shall forward the reports to the commissioner.

22 Sec. 16.055. COMPENSATION OF PROFESSIONAL AND
23 PARAPROFESSIONAL PERSONNEL. (a) A school district must pay each
24 employee who is qualified for and employed in a position classified
25 under the Texas Public Education Compensation Plan set forth in

1 Section 16.056 of this chapter not less than the minimum monthly
2 base salary, plus increments for teaching experience, specified for
3 the position.

4 (b) Contracts for personnel shall be made on the basis of a
5 minimum of 10 months' service, which must include the number of
6 days of instruction for students and days of preparation for
7 personnel required by Section 16.052 of this code. The days of
8 preparation required under Section 16.052(a) of this code [herein]
9 shall be conducted by local boards of education under rules and
10 regulations established by the State Board of Education that are
11 consistent with the state accreditation standards for program
12 planning, preparation, and improvement. Personnel employed for
13 more than 10 months shall be paid not less than the minimum monthly
14 base pay plus increments for experience for each month of actual
15 employment. Personnel employed for 11 months at pay grades 1-11
16 must render 202 days of service, and personnel employed for 12
17 months at pay grades 1-11 must render 220 days of service.
18 Personnel employed for 11 months at pay grades 12-18 must render
19 207 days of service, and personnel employed for 12 months at pay
20 grades 12-18 must render 226 days of service. However, the number
21 of days of service required by this subsection may be reduced by
22 the commissioner under Section 16.052(c) of this code, and the
23 reduction shall not reduce the total salaries of personnel.

24 (c) Notwithstanding Subsection (b) of this section, a
25 vocational agriculture teacher employed for 12 months shall render

226 days of service regardless of pay grade.

Sec. 16.056. TEXAS PUBLIC EDUCATION COMPENSATION PLAN.

(a) School district personnel who are qualified for and employed in positions described in Subsection (d) of this section shall be paid not less than the monthly base salary, plus increments for teaching experience, set forth in Subsection (c) of this section, or greater amounts provided by appropriation.

(b) Each individual shall advance one step per each year of experience until step 10 is reached. For each year, up to a maximum of two years, of work experience required for certification in a vocational field, a vocational teacher who is certified in that field is entitled to salary step credit as if the work experience were teaching experience.

(c) SALARY SCHEDULE BY STEPS

| 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|------|------|------|------|------|------|------|------|------|------|------|
| 1700 | 1814 | 1928 | 2042 | 2156 | 2270 | 2384 | 2498 | 2612 | 2726 | 2840 |

(d) The following positions are entitled to the minimum monthly salary set by Subsection (c) of this section for the number of annual contract months specified:

| No. | Class Title |
|-------------|---|
| Months Paid | |
| 10 | Nurse, R.N. and/or Bachelor's Degree |

| | | |
|----|----|--------------------------|
| 1 | 10 | Special Education |
| 2 | | Related |
| 3 | | Service Personnel (other |
| 4 | | than Occupational or |
| 5 | | Physical Therapist), |
| 6 | | Bachelor's Degree |
| 7 | 10 | Teacher, Bachelor's |
| 8 | | Degree |
| 9 | 10 | Vocational Teacher, |
| 10 | 11 | Bachelor's Degree and/or |
| 11 | 12 | Certified in Field |
| 12 | 10 | Librarian I, Bachelor's |
| 13 | | Degree |
| 14 | 10 | Visiting Teacher I, |
| 15 | | Psychological Associate, |
| 16 | | Bachelor's Degree |
| 17 | 10 | Special Education |
| 18 | | Related |
| 19 | | Service Personnel (other |
| 20 | | than Occupational or |
| 21 | | Physical Therapist), |
| 22 | | Master's Degree |
| 23 | 10 | Teacher, Master's Degree |
| 24 | 10 | Vocational Teacher, |
| 25 | 11 | Master's Degree |

S.B. No. 7

| | | |
|----|----|----------------------------|
| 1 | 12 | |
| 2 | 10 | Librarian II, Master's |
| 3 | | Degree |
| 4 | 10 | Physician, M.D. |
| 5 | 10 | Teacher, Bachelor of Laws |
| 6 | | or Doctor of Jurispru- |
| 7 | | dence Degree |
| 8 | 10 | Teacher, Doctor's Degree |
| 9 | 10 | Special Duty Teacher, |
| 10 | | Master's Degree |
| 11 | 10 | Occupational Therapist |
| 12 | 10 | Physical Therapist |
| 13 | 10 | Educational |
| 14 | | Diagnostician |
| 15 | 10 | Visiting Teacher II, |
| 16 | | Master's Degree |
| 17 | 10 | Counselor I, |
| 18 | | Psychologist |
| 19 | 10 | School Social Worker |
| 20 | 10 | Supervisor I |
| 21 | 10 | Part-time Principal--11 or |
| 22 | | fewer teachers on campus |
| 23 | 10 | Instructional/Administra- |
| 24 | | tive Officer I |

S.B. No. 7

| | | |
|----|----|----------------------------|
| 1 | 10 | Assistant Principal--20 or |
| 2 | | more teachers on campus |
| 3 | 10 | Instructional/Administra- |
| 4 | | tive Officer II |
| 5 | 11 | Principal--19 or fewer |
| 6 | | teachers on campus |
| 7 | 10 | Instructional/Administra- |
| 8 | | tive Officer III |
| 9 | 11 | Principal--20-49 teachers |
| 10 | | on campus |
| 11 | 11 | Instructional/Administra- |
| 12 | | tive Officer IV |
| 13 | 11 | Principal--50-99 teachers |
| 14 | | on campus |
| 15 | 12 | Principal--100 or more |
| 16 | | teachers on campus |
| 17 | 12 | Instructional/Administra- |
| 18 | | tive Officer V |
| 19 | 12 | Instructional/Administra- |
| 20 | | tive Officer VI |
| 21 | 12 | Superintendent--District |
| 22 | | with 3,000 |
| 23 | | or less ADA |
| 24 | 12 | Instructional/Administra- |
| 25 | | tive Officer VII |

| | | |
|---|----|---------------------------|
| 1 | 12 | Superintendent--District |
| 2 | | with 3,001-12,500 ADA |
| 3 | 12 | Instructional/Administra- |
| 4 | | tive Officer VIII |
| 5 | 12 | Superintendent--District |
| 6 | | with 12,501-50,000 ADA |
| 7 | 12 | Superintendent--District |
| 8 | | with 50,000 or more ADA |

9 (e) With the approval of the State Board of Education, the
 10 commissioner of education may add additional positions and months
 11 of service to the Texas Public Education Compensation Plan to
 12 reflect curriculum and program changes authorized by law. With the
 13 approval of the board, the commissioner shall also develop policies
 14 for the implementation and administration of the compensation plan.

15 (f) Each person employed in the public schools of this state
 16 who is an educational aide, teacher trainee, or nondegree teacher
 17 or who is assigned to a position classified under the Texas Public
 18 Education Compensation Plan must be certified according to the
 19 certification requirements or standards for each position as
 20 established by rule adopted by the State Board of Education.
 21 However, additional certification may not be required of a person
 22 holding a valid state license as a speech language pathologist or
 23 audiologist. Persons other than those holding such a license may
 24 only be employed to render such services if an acceptable licensed
 25 applicant is not available.

(g) The State Board of Education shall prescribe the general duties and required preparation and education for educational aides, teacher trainees, and nondegree teachers and for the positions listed in Subsection (d) of this section under the circumstances described therein.

(h) In determining the placement of a teacher on the salary schedule under Subsection (c) of this section, a district shall credit the teacher for each year of experience, whether or not the years are consecutive. Notwithstanding the provision of this subsection, no teacher shall be placed on the salary schedule at a step above the step where the teacher would have been placed had that teacher remained in continuous service.

Sec. 16.057. CAREER LADDER SALARY SUPPLEMENT. (a) Except as provided by Subsection (c) of this section, each teacher on level two, three, or four of a career ladder is entitled to the following annual supplement in addition to the minimum salary set by this subchapter:

| | |
|-------------------|---------|
| Level 2 | \$2,000 |
| Level 3 | \$4,000 |
| Level 4 | \$6,000 |

(b) If the district pays more than the state minimum salary prescribed by this subchapter, the teacher is entitled to the career ladder supplement in addition to the amount otherwise paid by the district for the teacher's step.

(c) If the allotment under Section 16.158 of this code that

is designated for support of the career ladder will not fully fund the supplements under this section:

(1) the district may reduce the supplements to not less than the following:

| | |
|-------------------|---------|
| Level 2 | \$1,500 |
| Level 3 | \$3,000 |
| Level 4 | \$4,500 |

or;

(2) provide for stricter performance criteria than that provided under Section 13.302 of this code, subject to the approval of the State Board of Education; or

(3) take action under both Subdivisions (1) and (2) of this subsection.

SUBCHAPTER C. BASIC ENTITLEMENT

Sec. 16.101. BASIC ALLOTMENT. For each student in average daily attendance, not including the time students spend each day in special education or vocational education programs for which an additional allotment is made under Subchapter D of this chapter, a district is entitled to an allotment of \$2,450, as adjusted under Section 16.158 of this code, [\$2,200-for-the-1991-1992-school-year, \$2,400-for-the-1992-1993-school-year, \$2,600-for-the-1993-1994 school-year, and \$2,800-for-the-1994-1995-school-year-and thereafter] or a greater amount adopted by the foundation school fund budget committee under Section 16.256 of this code [~~for-the 1993-1994-school-year-and-each-school-year-thereafter~~]. A

different ~~[greater]~~ amount for any school year may be provided by appropriation.

Sec. 16.102. COST OF EDUCATION ADJUSTMENT. (a) The basic allotment for each district is adjusted to reflect the geographic variation in known resource costs and costs of education due to factors beyond the control of the school district. ~~[Except-as provided-by-this-section,-the-adjustment--is--that--provided--under Section-16.206-of-this-code-]~~

(b) The adjustment for the 1993-1994 and 1994-1995 ~~[1991-1992--and--1992-1993]~~ school years is the cost of education index and formula adopted in December 1990 by the foundation school fund budget committee. The ~~[For-the-1991-1992 and-1992-1993-school-years,-the]~~ commissioner of education shall recalculate the cost of education index for school districts that are eligible for the adjustment under Section 16.103 of this code, excluding from the computation the calculation for the diseconomies of scale component and substituting a value of 1.00. Beginning with the 1995-1996 school year, the foundation school fund budget committee shall determine the cost of education adjustment under Section 16.256 of this code. ~~[This-subsection-expires-September-1, 1993-]~~

Sec. 16.103. SMALL DISTRICT ADJUSTMENT. (a) The basic allotment for certain small districts is adjusted in accordance with Subsections (b) and (c) of this section. In this section:

(1) "AA" is the district's adjusted allotment per

student;

(2) "ADA" is the number of students in average daily attendance for which the district is entitled to an allotment under Section 16.101 of this code; and

(3) "ABA" is the adjusted basic allotment determined under Section 16.102 of this code.

(b) The basic allotment [average--daily--attendance] of a school district that contains at least 300 square miles and has not more than 1,600 students in average daily attendance is adjusted by applying the formula:

$$AA = (1 + ((1,600 - ADA) \times .0004)) \times ABA$$

(c) The basic allotment [average--daily--attendance] of a school district that contains less than 300 square miles and has not more than 1,600 students in average daily attendance is adjusted by applying the formula:

$$AA = (1 + ((1,600 - ADA) \times .00025)) \times ABA$$

~~[This section expires September 17, 1993.]~~

Sec. 16.1031. USE OF SMALL DISTRICT ADJUSTMENT IN CALCULATING SPECIAL ALLOTMENTS. In determining the amount of a special allotment under Subchapter D of this chapter for a district to which Section 16.103 of this code applies, a district's adjusted basic allotment is considered to be the district's adjusted allotment determined under Section 16.103. ~~[This section expires September 17, 1993.]~~

Sec. 16.104. SPARSITY ADJUSTMENT. Notwithstanding Sections

1 16.101, 16.102, and 16.103 of this code, a school district that has
2 fewer than 130 students in average daily attendance shall be
3 provided an adjusted basic allotment on the basis of 130 average
4 daily attendance if it offers a kindergarten through grade 12
5 program and has prior or current year's average daily attendance of
6 at least 90 students or is 30 miles or more by bus route from the
7 nearest high school district. A district offering a kindergarten
8 through grade 8 program whose prior or current year's average daily
9 attendance was at least 50 students or which is 30 miles or more by
10 bus route from the nearest high school district shall be provided
11 an adjusted basic allotment on the basis of 75 average daily
12 attendance. An average daily attendance of 60 students shall be
13 the basis of providing the adjusted basic allotment if a district
14 offers a kindergarten through grade 6 program and has prior or
15 current year's average daily attendance of at least 40 students or
16 is 30 miles or more by bus route from the nearest high school
17 district. [~~This section expires September 17, 1993.~~]

SUBCHAPTER D. SPECIAL ALLOTMENTS

18
19 Sec. 16.151. SPECIAL EDUCATION. (a) For each student in
20 average daily attendance in a special education program under
21 Subchapter N, Chapter 21, of this code, in a mainstream
22 instructional arrangement, a school district is entitled to an
23 annual allotment equal to the adjusted basic allotment multiplied
24 by 1.1. For each full-time equivalent student in average daily
25 attendance in a special education program under Subchapter N,

Chapter 21, of this code, in an instructional arrangement other than a mainstream instructional arrangement, a district is entitled to an annual allotment equal to the adjusted basic allotment multiplied by a weight determined according to instructional arrangement as follows:

| | |
|--|-------------------|
| Homebound | 5.0 |
| Hospital class | <u>3.0</u> [5÷0] |
| Speech therapy | <u>5.0</u> [7÷11] |
| Resource room | <u>3.0</u> [2÷7] |
| Self-contained, mild and moderate, regular campus | <u>3.0</u> [2÷3] |
| Self-contained, severe, regular campus | <u>3.0</u> [3÷5] |
| Self-contained, separate campus | 2.7 |
| Multidistrict class | <u>2.7</u> [3÷5] |
| Nonpublic day school | <u>1.7</u> [3÷5] |
| [Vocational-adjustment-class-.....] | 2.3 |
| Community class | <u>2.7</u> [3÷5] |
| [Mainstream-.....] | 0.25 |

(b) A special instructional arrangement for handicapped students residing in care and treatment facilities, other than state schools, whose parents or guardians do not reside in the district providing education services shall be established under the rules of the State Board of Education. The funding weight for this arrangement shall be 4.0 [5÷0] for those students who receive

1 their education service on a local school district campus. A
2 special instructional arrangement for handicapped students residing
3 in state schools shall be established under the rules of the State
4 Board of Education with a funding weight of 2.8 [5-0].

5 (c) Beginning with the 1995-1996 school year, the
6 self-contained, separate campus; multidistrict class; and community
7 class instructional arrangements shall be combined into a single
8 instructional arrangement known as the off home campus
9 instructional arrangement. For funding purposes, the number of
10 contact hours credited per day for each student in the off home
11 campus instructional arrangement may not exceed the contact hours
12 credited per day for the multidistrict class instructional
13 arrangement in the 1992-1993 school year.

14 (d) Beginning with the 1995-1996 school year, for funding
15 purposes the contact hours credited per day for each student in the
16 resource room; self-contained, mild and moderate; and
17 self-contained, severe, instructional arrangements may not exceed
18 the average of the statewide total contact hours credited per day
19 for those three instructional arrangements in the 1992-1993 school
20 year.

21 (e) The State Board of Education by rule shall prescribe the
22 qualifications an instructional arrangement must meet in order to
23 be funded as a particular instructional arrangement under this
24 section. In prescribing the qualifications that a mainstream
25 instructional arrangement must meet, the board shall require that

the arrangement provide to eligible students with disabilities special education services in the regular classroom with any necessary direct or indirect special education support.

(f) In this section, "full-time equivalent student" means 30 hours of contact a week between a special education student and special education program personnel.

(g) The State Board of Education shall adopt rules and procedures governing contracts for residential placement of special education students. The legislature shall provide by appropriation for the state's share of the costs of those placements.

(h) Funds allocated under this section, other than an indirect cost allotment established under State Board of Education rule, must be used in the special education program under Subchapter N, Chapter 21, of this code.

(i) In the determination of instructional arrangements for students in residential instructional arrangements, the State Board of Education shall develop arrangements that encourage placement of students in the least restrictive environment appropriate for their educational needs.

(j) The Central Education Agency shall encourage the placement of students in special education programs in the least restrictive environment appropriate for their educational needs.
~~[The--Central--Education--Agency--shall--provide--transitional--support for--the--movement--of--students--from--self-contained--severe--(totally self-contained)--to--self-contained--mild--and--moderate--(partially~~

self-contained}--instructional--arrangements.---For--each---student placed--in-a-partially-self-contained-classroom-who-was-placed-in-a totally-self-contained-classroom-for-at--least--two-thirds--of--the prior--year,--a-district-will-receive-\$2,500.---This-payment-must-be used-to-facilitate--the--placement--of--the--student--in--the--less restrictive--environment--(partially--self-contained-classroom).---A district-may-not-receive-more-than--one--support--payment--for--any individual-student.---This-support-payment-shall-be-forfeited-by-the district--if--the-student-is-returned-to-the-totally-self-contained classroom-instructional-arrangement-within-one-month--of--placement into--the--partially-self-contained-classroom-or-within-one-year-of initial-reclassification-without-adequate-justification.]

(k) A school district that maintains for two successive years a ratio of full-time equivalent students placed in partially or totally self-contained classrooms to the number of full-time equivalent students placed in resource room or mainstream instructional arrangements [partially--self-contained--classrooms] that is 25 percent higher than the statewide average ratio shall be reviewed by the Central Education Agency to determine the appropriateness of student placement. The commissioner of education may reduce the special education allotment the district receives to the level to which the district would be entitled if the district's ratio was not more than 25 percent higher than the statewide average ratio. [To-the-extent-that-there--are--net--cost savings--to--the-state-resulting-from-the-movement-of-students-from

1 ~~totally-self-contained-to-partially-self-contained, as provided--in~~
 2 ~~Subsection--(j)--of--this--section, those net savings will be directed~~
 3 ~~to--regional--education--service--centers--to--provide--technical~~
 4 ~~assistance--in--accordance--with--Section--11-33(c)--of--this--code~~
 5 ~~regarding the movement of students to less restrictive environments~~
 6 ~~to--those--school--districts--whose--ratio--of--full-time-equivalent~~
 7 ~~students placed in totally-self-contained classrooms is 25--percent~~
 8 ~~higher than the statewide average.]~~

9 (1) A school district that provides an extended year program
 10 required by federal law for special education students who may
 11 regress is entitled to receive funds in an amount equal to 75
 12 percent, or a lesser percentage determined by the commissioner of
 13 education, of the adjusted basic allotment or adjusted allotment,
 14 as applicable, for each full-time equivalent student in average
 15 daily attendance, multiplied by the amount designated for the
 16 student's instructional arrangement under this section, for each
 17 day the program is provided divided by the number of days in the
 18 minimum school year. The total amount of state funding for
 19 extended year services under this section may not exceed \$10
 20 million per year. A school district may use funds received under
 21 this section only in providing an extended year program [student-in
 22 ~~a-mainstream-instructional-arrangement-who-is-not-also--in--another~~
 23 ~~instructional--arrangement--as--provided--in--Subsection--(a)--of--this~~
 24 ~~section-is-provided-the-support-necessary-for-the-student-to-remain~~
 25 ~~in--the--regular--classroom.---This--support--may--include--related~~

1 ~~services-as--defined--in--Section--21.502--of--this--code,--special~~
2 ~~teaching,--or-other-special-education-support-services-while-in-the~~
3 ~~regular-classroom].~~

4 (m) From the total amount of funds appropriated for special
5 education under this section, the commissioner of education shall
6 withhold an amount specified in the General Appropriations Act,
7 which for the 1994-1995 biennium may not exceed \$2 million, and
8 distribute that amount to school districts for programs under
9 Section 21.513 of this code. The program established under that
10 section is required only in school districts in which the program
11 is financed by funds distributed under this section and any other
12 funds available for the program. After deducting the amount
13 withheld under this subsection from the total amount appropriated
14 for special education, the commissioner of education shall reduce
15 each district's allotment proportionately and shall allocate funds
16 to each district accordingly.

17 Sec. 16.152. COMPENSATORY EDUCATION ALLOTMENT. (a) For
18 each student who is educationally disadvantaged or who is a
19 nonhandicapped student residing in a residential placement facility
20 in a district in which the student's parent or legal guardian does
21 not reside, a district is entitled to an annual allotment equal to
22 the adjusted basic allotment multiplied by 0.2, and by 2.41 for
23 each full-time equivalent student who is in a remedial and support
24 program under Section 21.557 of this code because the student is
25 pregnant.

1 (b) For purposes of this section, the number of
2 educationally disadvantaged students is determined by averaging the
3 best six months' enrollment in the national school lunch program of
4 free or reduced-price lunches for the preceding school year.

5 (c) Funds allocated under this section, other than an
6 indirect cost allotment established under State Board of Education
7 rule, which shall not exceed 15 percent, must be used in providing
8 remedial and compensatory education programs under Section 21.557
9 of this code, and the district must account for the expenditure of
10 state funds by program and by campus. Funds allocated under this
11 section, other than the indirect cost allotment, shall only be
12 expended to improve and enhance programs and services funded under
13 the regular education program.

14 (d) The Central Education Agency shall evaluate the
15 effectiveness of remedial and support programs provided under
16 Section 21.557 of this code for students at risk of dropping out of
17 school.

18 (e) A school district in which the actual dropout rate in
19 any school year exceeds the state's dropout rate goal for that year
20 under Subsection (a) of Section 11.205 of this code shall, for the
21 school year immediately following that school year, allocate a
22 percentage of the district's allotment under this section to
23 remedial and support programs under Section 21.557 of this code for
24 students at risk of dropping out of school. The percentage
25 allocated to those programs must be at least equal to the state's

1 actual dropout rate for the preceding year. The programs must be
2 programs authorized by the State Board of Education. The Central
3 Education Agency shall provide to the district technical assistance
4 in reducing the district's dropout rate. At the request of a
5 district, the commissioner of education may exempt the district
6 from the requirements of this section if the commissioner finds
7 that special circumstances in the district merit the exemption.

8 (f) The commissioner of education may:

9 (1) retain a portion of the total amount allotted
10 under Subsection (a) of this section that the commissioner
11 considers appropriate to finance pilot programs under Section
12 11.191 of this code and to finance intensive remedial instruction
13 programs and study guides provided under Sections 21.552(b) and (c)
14 of this code; and

15 (2) reduce each district's allotment proportionately.

16 (g) From the total amount of funds appropriated for
17 allotments under this section, the commissioner of education shall,
18 each fiscal year, withhold the amount of \$10,000,000 and distribute
19 that amount for programs under Section 21.114 of this code. The
20 program established under that section is required only in school
21 districts in which the program is financed by funds distributed
22 under this section and any other funds available for the program.

23 (h) The commissioner of education shall coordinate the funds
24 withheld under Subsection (g) of this section and any other funds
25 available for the program and shall distribute those funds. To

1 receive funds for the program, a school district must apply to the
2 commissioner. The commissioner shall give a preference to the
3 districts that apply that have the highest concentration of
4 students who are pregnant or who are parents.

5 (i) The commissioner of education shall withhold funds
6 allocated under this section to a district that fails to timely
7 prepare or make available on request of a member of the general
8 public the report required under Section 21.557(i) of this code.
9 The commissioner may restore withheld funds only when the
10 commissioner is satisfied that the district has provided the
11 information requested.

12 (j) [~~+~~+] After deducting the amount withheld under
13 Subsection (g) of this section from the total amount appropriated
14 for the allotment under Subsection (a) of this section, the
15 commissioner of education shall reduce each district's allotment
16 under Subsection (a) proportionately and shall allocate funds to
17 each district accordingly.

18 (k) [~~+~~+] From the total amount of funds appropriated for
19 allotments under this section, the commissioner of education shall,
20 each fiscal year, withhold the amount of \$5,000,000 and distribute
21 that amount for programs under Subchapter V, Chapter 21, of this
22 code. A program established under that subchapter is required only
23 in school districts in which the program is financed by funds
24 distributed under this section or other funds distributed by the
25 commissioner for a program under that subchapter.

1 (l) [~~†k†~~] The commissioner of education shall coordinate the
2 funds withheld under Subsection (k) [~~†j†~~] of this section and any
3 other funds available for the program and shall distribute those
4 funds. To receive funds for the program, a school district must
5 apply to the commissioner. The commissioner shall give a
6 preference to the districts that apply that have the highest
7 concentration of at-risk students. For each school year that a
8 school district receives funds under this section, the district
9 shall allocate an amount of local funds for school guidance and
10 counseling programs that is equal to or greater than the amount of
11 local funds that the school district allocated for that purpose
12 during the preceding school year.

13 (m) [~~††~~] After deducting the amount withheld under
14 Subsection (k) [~~†j†~~] of this section from the total amount
15 appropriated for the allotment under Subsection (a) of this
16 section, the commissioner of education shall reduce each district's
17 allotment under Subsection (a) on a per pupil basis.

18 Sec. 16.153. BILINGUAL EDUCATION ALLOTMENT. (a) For each
19 student in average daily attendance in a bilingual education or
20 special language program under Subchapter L, Chapter 21, of this
21 code, a district is entitled to an annual allotment equal to the
22 adjusted basic allotment multiplied by 0.1.

23 (b) Funds allocated under this section, other than an
24 indirect cost allotment established under State Board of Education
25 rule, must be used in providing bilingual education or special

1 language programs under Subchapter L, Chapter 21, of this code.

2 (c) A district's bilingual education or special language
3 allocation may be used only for program and pupil evaluation,
4 instructional materials and equipment, staff development,
5 supplemental staff expenses, salary supplements for teachers, and
6 other supplies required for quality instruction and smaller class
7 size.

8 Sec. 16.155. VOCATIONAL EDUCATION ALLOTMENT. (a) For each
9 full-time equivalent student in average daily attendance in an
10 approved vocational education program in grades nine through 12 or
11 in vocational education for the handicapped programs in grades
12 seven through 12, a district is entitled to an annual allotment
13 equal to the adjusted basic allotment multiplied by a weight of
14 1.37.

15 (b) In this section, "full-time equivalent student" means 30
16 hours of contact a week between a student and vocational education
17 program personnel.

18 (c) Funds allocated under this section, other than an
19 indirect cost allotment established under State Board of Education
20 rule, must be used in providing vocational education programs in
21 grades nine through 12 or vocational education for the handicapped
22 programs in grades seven through 12 under the provisions of
23 Sections 21.111, 21.1111, and 21.112 of this code.

24 (d) The indirect cost allotment established under board
25 rules shall first be effective for the 1991-1992 school year

1 consistent with the weight effective that year.

2 (e) The commissioner shall conduct a cost-benefit comparison
3 between vocational education programs and mathematics and science
4 programs.

5 (f) [~~h~~] Out of the total statewide allotment for
6 vocational education under this section, the commissioner of
7 education shall set aside an amount specified in the General
8 Appropriations Act, which may not exceed an amount equal to one
9 percent of the total amount appropriated, to support regional
10 vocational education planning committees established under Section
11 21.115(b) of this code. After deducting the amount set aside under
12 this subsection from the total amount appropriated for vocational
13 education under this section, the commissioner shall reduce each
14 district's allotment in the same manner described for a reduction
15 in state funds under Section 16.254[~~d~~] of this code.

16 Sec. 16.156. TRANSPORTATION ALLOTMENT. (a) Each district
17 or county operating a transportation system is entitled to
18 allotments for transportation costs as provided by this section.

19 (b) As used in this section:

20 (1) "Regular eligible pupil" means a pupil who resides
21 two or more miles from his or her campus of regular attendance,
22 measured along the shortest route that may be traveled on public
23 roads, and who is not classified as an eligible handicapped pupil.

24 (2) "Eligible handicapped pupil" means a pupil who is
25 handicapped as defined in Section 21.503 of this code and who would

1 be unable to attend classes without special transportation
2 services.

3 (3) "Linear density" means the average number of
4 regular eligible pupils transported daily, divided by the approved
5 daily route miles traveled by the respective transportation system.

6 (c) Each district or county operating a regular
7 transportation system is entitled to an allotment based on the
8 daily cost per regular eligible pupil of operating and maintaining
9 the regular transportation system and the linear density of that
10 system. In determining the cost, the commissioner shall give
11 consideration to factors affecting the actual cost of providing
12 these transportation services in each district or county. The
13 average actual cost is to be computed by the commissioner of
14 education and included for consideration by the Foundation School
15 Fund Budget Committee and the legislature in the General
16 Appropriations Act. The allotment per mile of approved route may
17 not exceed the amount set by appropriation.

18 (d) A district or county may apply for and on approval of
19 the commissioner of education receive an additional amount of up to
20 10 percent of its regular transportation allotment to be used for
21 the transportation of children living within two miles of the
22 school they attend who would be subject to hazardous traffic
23 conditions if they walked to school. Each board of trustees shall
24 provide to the commissioner the definition of hazardous conditions
25 applicable to that district and shall identify the specific

1 hazardous areas for which the allocation is requested. A hazardous
2 condition exists where no walkway is provided and children must
3 walk along or cross a freeway or expressway, an underpass, an
4 overpass or a bridge, an uncontrolled major traffic artery, an
5 industrial or commercial area, or another comparable condition.

6 (e) The state commissioner of education may grant an amount
7 set by appropriation for private or commercial transportation for
8 eligible pupils from isolated areas. The need for this type of
9 transportation grant shall be determined on an individual basis and
10 the amount granted shall not exceed the actual cost. The grants
11 shall be made only in extreme hardship cases, and no grants shall
12 be made if the pupils live within two miles of an approved school
13 bus route.

14 (f) The cost of transporting vocational education students
15 from one campus to another inside a district or from a sending
16 district to another secondary public school for a vocational
17 program or an area vocational school or to an approved
18 post-secondary institution under a contract for instruction
19 approved by the Central Education Agency shall be reimbursed based
20 on the number of actual miles traveled times the district's
21 official extracurricular travel per mile rate as set by their local
22 board of trustees and approved by the Central Education Agency.

23 (g) A school district or county that provides special
24 transportation services for eligible handicapped pupils is entitled
25 to a state allocation paid on a previous year's cost-per-mile

1 basis. The maximum rate per mile allowable shall be set by
2 appropriation based on data gathered from the first year of each
3 preceding biennium. Districts may use a portion of their support
4 allocation to pay transportation costs, if necessary. The
5 commissioner of education may grant an amount set by appropriation
6 for private transportation to reimburse parents or their agents for
7 transporting eligible handicapped pupils. The mileage allowed
8 shall be computed along the shortest public road from the pupil's
9 home to school and back, morning and afternoon. The need for this
10 type transportation shall be determined on an individual basis and
11 shall be approved only in extreme hardship cases.

12 (h) The allocation for eligible regular students transported
13 by the regular transportation system shall be increased by five
14 percent for any district or county school board which has complied
15 with the provisions of Section 21.173 of this code in accordance
16 with rules adopted by the State Board of Education.

17 (i) Funds allotted under this section must be used in
18 providing transportation services.

19 (j) In the case of a district belonging to a county
20 transportation system, the district's transportation allotment for
21 purposes of determining a district's foundation school program
22 allocations shall be determined on the basis of the number of
23 approved daily route miles in the district multiplied by the
24 allotment per mile to which the county transportation system is
25 entitled.

1 Sec. 16.158. CAREER LADDER ALLOTMENT. (a) Each district is
2 entitled to an allotment for support of the career ladder equal to
3 its unadjusted average daily attendance multiplied by \$90.

4 (b) An allotment under this section may be used only for the
5 purposes of career ladder supplements.

6 (c) From the funds designated for that purpose, the district
7 shall supplement the salary of each teacher above level one on the
8 career ladder. The district shall decide the amount of supplement
9 to be provided at each career ladder level.

10 (d) Money received under this section may not be used to
11 supplement the salary of an employee for directing cocurricular or
12 extracurricular activities.

13 (e) The commissioner shall reduce the basic allotment under
14 Section 16.101 of this code by an amount that would result in a
15 reduction of the state's share of the basic allotment sufficient to
16 fund the career ladder allotment under this section.

17 Sec. 16.159. GIFTED AND TALENTED STUDENT ALLOTMENT.

18 (a) For each student a school district serves in a Central
19 Education Agency approved program for gifted and talented students
20 under Subchapter Q, Chapter 21, of this code or, in the case of a
21 district that is developing a program in accordance with standards
22 established by the commissioner of education, for each student the
23 district identifies as gifted and talented under State Board of
24 Education criteria, a district is entitled to an annual allotment
25 equal to the district's adjusted basic allotment as determined

1 under Section 16.102 or Section 16.103 of this code, as applicable,
2 multiplied by .12 for each school year or a greater amount provided
3 by appropriation.

4 (b) Funds allocated under this section, other than the
5 amount that represents the program's share of general
6 administrative costs, must be used in providing approved programs
7 for gifted and talented students under Subchapter Q, Chapter 21, of
8 this code or, in the case of a district that has not yet
9 established a program, in developing programs for gifted and
10 talented students. Each district must account for the expenditure
11 of state funds as provided by rule of the State Board of Education.
12 If by the end of the 12th month after receiving an allotment for
13 developing a program a district has failed to implement an approved
14 program, the district must refund the amount of the allotment to
15 the agency within 30 days.

16 (c) Not more than five percent of a district's students in
17 average daily attendance are eligible for funding under this
18 section.

19 (d) If the amount of state funds for which school districts
20 are eligible under this section exceeds the amount of state funds
21 appropriated in any year for the programs, the commissioner of
22 education shall reduce each district's allotment on a pro rata
23 basis.

24 (e) If the total amount of funds allotted under this section
25 before a date set by rule of the State Board of Education is less

1 than the total amount appropriated for a school year, the
2 commissioner shall distribute the remainder proportionately to the
3 districts that have received an allotment, and no other districts
4 are eligible for an allotment for that school year.

5 (f) After each district has received allotted funds for this
6 program, the State Board of Education may use up to \$500,000 of the
7 funds allocated under this section for programs such as Future
8 Problem Solving Olympics of the Mind, and Academic Decathlon, as
9 long as these funds are used to train personnel and provide program
10 services. To be eligible for funding under this section, a program
11 must be determined by the State Board of Education to provide
12 services that are effective and consistent with the state plan for
13 gifted and talented education.

14 Sec. 16.160. TECHNOLOGY FUNDS. (a) Developmental and
15 technology allotment allocations under the provisions of Chapter 14
16 are included in the Foundation School Program.

17 (b) Each district shall be allotted the amount specified in
18 Section 14.063 of this code after deductions by the commissioner of
19 education for the purposes of financing programs authorized under
20 Subchapter C, Chapter 14, of this code.

21 SUBCHAPTER F. ACCOUNTABLE COSTS OF EDUCATION

22 Sec. 16.201. PURPOSE. The accountable costs of education
23 studies are designed to support the development of the equalized
24 funding elements necessary to provide an efficient state and local
25 public school finance system, which meets the state policy

1 established in Section 16.001 of this code and provides the
2 research basis for the equalized funding elements under the
3 provisions of Section 16.256 of this code.

4 Sec. 16.202. STUDIES. On a biennial basis, the Legislative
5 Education Board and the Legislative Budget Board, with the
6 assistance of the Educational Economic Policy Center and the
7 Central Education Agency, shall complete each of the following
8 studies and develop recommended amounts where appropriate for each
9 year of the next biennium:

10 (1) a study of the fiscal neutrality of the system to
11 determine the status of the state and local finance system with
12 regard to the policies established under the provisions of Section
13 16.001 of this code, including recommendations for adjustments
14 necessary to maintain fiscal neutrality;

15 (2) the accountable costs per student to school
16 districts of providing educational programs, personnel, and other
17 operating costs that meet accreditation criteria and the provisions
18 of law and regulation;

19 (3) program cost differentials designed by program to
20 provide support for the added expense of high-cost courses or
21 programs for students participating in such courses or programs,
22 with the program funding level expressed as dollar amounts and as
23 weights applied to the adjusted basic allotment for the appropriate
24 year;

25 (4) transportation and career ladder allotments;

1 (5) the levels of tax effort necessary for each tier
2 of the Foundation School Program necessary to fulfill the
3 requirements of Sections 16.001 and 16.008 of this code; and

4 (6) capital outlay and debt service requirements and
5 formula elements for the requirements of Subchapter I of this
6 chapter or other provisions of this chapter.

7 Sec. 16.203. PROCEDURES. (a) The program cost
8 differentials developed jointly by the Legislative Education Board
9 and the Legislative Budget Board shall be submitted to the
10 foundation school fund budget committee for adoption beginning with
11 the 1993-1994 school year. If the foundation school fund budget
12 committee fails to adopt by April 1 the program cost differentials
13 for the following school year, the commissioner of education, after
14 considering the recommendations developed by those boards, shall
15 adopt program cost differentials.

16 (b) The commissioner of education shall provide appropriate
17 assistance to the boards for the calculation of the various funding
18 elements. Subject to review by the Legislative Education Board,
19 the commissioner of education shall retain from the allotments
20 under Sections 16.102 and 16.103 of this code and Subchapter D of
21 this chapter amounts appropriate to finance necessary additional
22 costs for the studies required under this subchapter.

23 (c) The boards may appoint advisory committees to assist in
24 the development of the various funding elements and studies
25 required under this subchapter. Advisory committee members serve

without compensation but are entitled to reimbursement for actual and necessary expenses incurred in the performance of their duties. Reimbursement shall be from funds available under Subsection (b) of this section or from other funds available to the boards.

(d) In the studies relating to program cost differentials the boards shall give special consideration to cost factors associated with class size, laboratory expenses, materials, equipment, teacher training, necessary salary supplementation, and special services related to individual courses or groups of courses.

[Sec.-16.204.--NAVAL--MILITARY--FACILITY--IMPACT.----(a)--The model-on-which-a-cost-of-education-index-is-based-must-specifically consider-the-impact-of-a-significant-new-naval-military-facility-on each-district-in-an-impacted-region.]

[(b)--If--the--construction-or-operation-of-a-significant-new naval--military--facility--begins--during--a---school---year,---the legislative--Education-Board-and-the-legislative-Budget-Board-shall recommend-the-adjustment-of-the-basic-allotment-during-that--school year--to--consider--any--impact--of--the--facility--on--the-cost-of education-index-of-the-districts-in-the-impacted-region.]

[(c)--In--this--section,--"significant--new--naval---military facility"--and--"impacted--region"--have--the--meanings-assigned-by Section-47-Article-17-National-Defense-Impacted--Region--Assistance Act-of-1985-(Article-689a-4d7-Vernon's-Texas-Civil-Statutes).]

[(d)--This-section-expires-September-17-1993.]

1 Sec. 16.205. LIMIT ON ADMINISTRATIVE COSTS. (a) The
2 commissioner of education by rule shall determine annually:

3 (1) an administrative cost ratio for school districts
4 with fewer than 500 students in average daily attendance;

5 (2) an administrative cost ratio for school districts
6 with 500 to 999 students in average daily attendance;

7 (3) an administrative cost ratio for school districts
8 with 1,000 to 4,999 students in average daily attendance;

9 (4) an administrative cost ratio for school districts
10 with 5,000 to 9,999 students in average daily attendance; and

11 (5) an administrative cost ratio for school districts
12 with more than 10,000 students in average daily attendance.

13 (b) The commissioner of education may adjust the
14 administrative cost ratio of a district to allow for additional
15 administrative costs required by:

16 (1) the sparsity of the district; or

17 (2) students with special needs.

18 (c) Not later than February 1 of each year, the commissioner
19 of education shall notify all districts of the requirements and
20 standards for determining administrative cost ratios for the
21 following year. Not later than March 1 of each year, Central
22 Education Agency staff shall conduct a desk audit of prior-year
23 expenditure data available through the Public Education Information
24 Management System (PEIMS) to identify those districts whose
25 administrative cost ratio in the prior year exceeded their adjusted

1 group standard. Districts with an administrative cost ratio in
2 excess of their adjusted group standard shall be notified by March
3 15 that they have excessive administrative costs and that they are
4 required to reduce these costs to the level of the adjusted group
5 standard for the following school year. Within 60 days of such
6 notification, a district shall respond to the commissioner of
7 education by submitting a description of the district's plan to
8 comply with the standard for the following year or request a waiver
9 from the commissioner of education explaining why the district
10 cannot comply with the standard. Not later than June 30, the
11 commissioner of education shall notify responding districts if
12 further action is needed.

13 (d) If a school district fails to reduce administrative
14 costs to the level required by this section, the commissioner of
15 education shall deduct from a school district's tier one allotments
16 an amount equal to the amount by which the district's
17 administrative costs exceed the amount permitted by its
18 administrative cost ratio, unless the commissioner has granted a
19 waiver in response to the district's request. The commissioner
20 shall make a deduction under this subsection from the foundation
21 school fund payments to the district in the school year following
22 the school year in which the plan to reduce costs was to be
23 implemented. If a school district does not receive a tier one
24 allotment, the district shall remit an amount equal to the excess
25 to the comptroller for deposit to the credit of the foundation

1 school fund.

2 (e) The commissioner of education may grant a waiver to a
3 school district that exceeds its administrative cost ratio if the
4 excess is justified by unusual circumstances.

5 (f) A school district shall include a statement of any
6 amount withheld or remitted under Subsection (d) of this section in
7 the district report card required by Section 21.258 of this code.

8 (g) In this section:

9 (1) "Administrative cost ratio" means a school
10 district's administrative costs divided by its instructional costs,
11 expressed as a percentage.

12 (2) "Administrative costs" are defined as operating
13 expenses made from funds other than federal funds associated with
14 managing, planning, directing, coordinating, and evaluating a
15 school district in accordance with Accounting functions 21 -
16 Instructional Administration, and 41 - General Administration as
17 described in the Financial Accounting Manual Bulletin 679 for
18 Budgeting, Accounting, and Auditing in Texas Public Schools, Ninth
19 Edition, published by the Central Education Agency.

20 (3) "Instructional costs" are defined as operating
21 expenses made from funds other than federal funds associated with
22 teacher-student instruction in accordance with Accounting functions
23 11 - Instruction, 22 - Instructional Resources and Media Services,
24 25 - Curriculum and Instructional Staff Development, and 31 -
25 Guidance and Counseling Services as described in the Financial

Accounting Manual Bulletin 679 for Budgeting, Accounting, and Auditing in Texas Public Schools, Ninth Edition, published by the Central Education Agency.

(4) "Adjusted group standard" is the acceptable administrative cost ratio for each district as determined in accordance with Subsections (a) and (b) of this section.

~~[EFFICIENCY-IN-ADMINISTRATION--REPORT.---(a)--The--commissioner--of education--shall--conduct-a-study-to-determine-the-most-appropriate and-efficient-method-for-reporting-and-monitoring-the-allocation-of resources-by-school-districts.]~~

~~[(b)--The-study-shall-identify-the-most-effective--means--for calculating,--monitoring,--and-reporting-the-proportion-of-resources that-school-districts-allocate-for-their-administrative--costs--and shall-include-administrator-teacher-ratios.]~~

~~[(c)--The--study--shall--include--a--description--of--average efficient---administrative---expenditures---by---districts---with consideration-of-district-size-and-demographics.]~~

~~[(d)--Prior-to-the-beginning-of-each-regular-session--of--the legislature,--the-agency-shall-provide-a-report-with-recommendations to-the-Legislative-Education-Board-and-the-legislature.]~~

~~[(e)--The--study--is--an--element-of-the-study-of-accountable costs-of-education-under-this-subchapter.]~~

~~[Sec.-16.206---COST---ADJUSTMENTS.----- (a)--The---lieutenant governor--shall--appoint-five-members-of-the-senate-and-the-speaker of-the-house-of-representatives-shall-appoint-five-members--of--the~~

1 house--to--a--committee--to--conduct--a--study--of--certain--costs--of
 2 providing--public--education--as--provided--by--this--section.---The
 3 lieutenant-governor-and-the-speaker-shall-make-the-appointments-not
 4 later-than-September-17-1991.

5 [(b) --The--committee--shall--examine--methods--of--adjusting--for
 6 specific--resource--cost--variations--caused--by--factors--beyond--the
 7 control---of--school--districts.---The--committee--shall--recommend
 8 adjustments--for--these--factors--that--will--provide--the--most--efficient
 9 service--delivery--considering--optimum--district--size, enrollment
 10 growth, and other cost factors.---For the purpose of the study, the
 11 committee--shall--divide--districts--and--campuses--into--a--variety--of
 12 categories--that--may--include---region, size, area, density,
 13 educational characteristics, and economic conditions.

14 [(c) --The--committee--may--appoint--one--or--more--advisory--panels
 15 to--assist--the--committee--in--conducting--the--study.---Advisory--panel
 16 members---serve---without---compensation---but---are---entitled--to
 17 reimbursement--for--actual--and--necessary--expenses--incurred--in--the
 18 performance--of--their--duties.

19 [(d) --The---committee--shall--recommend--adjustments--to--the
 20 Foundation-School-Program-for-resource-cost--variations--caused--by
 21 factors--beyond--the--control--of--school--districts--to--the--foundation
 22 school-fund-budget-committee-not-later--than--June--17--1992.---The
 23 adjustments-shall-include:

24 [(1) --an--adjustment--to--account--for--fast-enrollment
 25 growth--and--other--factors--relevant--to--a--district's--need--for

facilities; and

[(2) -- appropriate -- treatment -- of -- the -- calculation -- of weighted students under Section 16.302 of this code;

[(e) -- The -- foundation -- school -- fund -- budget committee by rule shall adopt adjustments to the Foundation School Program for resource cost variations beyond the control of school districts to apply beginning with the 1993-1994 school year. -- The -- foundation school -- fund -- budget committee shall report the adjustments adopted to the legislature and the commissioner of education. -- If the foundation -- school -- fund -- budget -- committee -- fails -- to -- adopt -- the adjustments by November 1, 1992, the commissioner of education by rule -- shall -- adopt -- adjustments -- not -- later -- than -- December -- 1, 1992.

[(f) -- The rules adopted under this section apply beginning with the 1993-1994 school year. -- If no rules are adopted under this section, the basic allotment calculated under Sections 16.008 and 16.256 (e) of this code shall be increased to reflect the costs associated with the adjustments made by the cost of education index and formula for the 1992-1993 school year.]

SUBCHAPTER G. FINANCING THE PROGRAM

Sec. 16.251. FINANCING; GENERAL RULE. (a) The sum of the basic allotment under Subchapter C, the special allotments under Subchapter D, and the guaranteed yield allotments under Subchapter H, computed in accordance with the provisions of this chapter, constitute the total cost of the Foundation School Program.

(b) The program shall be financed by:

(1) ad valorem tax revenue generated by an equalized uniform school [~~county-education~~] district effort;

(2) ad valorem tax revenue generated by local school district effort in excess of the equalized uniform school [~~county education~~] district effort;

(3) state available school funds distributed in accordance with law; and

(4) state funds appropriated for the purposes of public school education and allocated to each district in an amount sufficient to finance the cost of each district's Foundation School Program not covered by other funds specified in this subsection.

(c) The commissioner of education shall compute for each school district the total amount, if any, by which the district's total revenue is reduced from one school year to the next because of a change in the method of finance under this chapter. The commissioner shall certify the amount of the reduction to the school district for use in determining the school district's rollback rate under Section 26.08, Tax Code.

Sec. 16.252. LOCAL SHARE OF PROGRAM COST (TIER ONE).

(a) Each school [~~county--education~~] district's share of the Foundation School Program shall be an amount determined by the following formula:

$$LFA = TR \times DPV$$

1 where:

2 "LFA" is the [county--education] district's tier one local
3 share;

4 "TR" is a tax rate which for each hundred dollars of
5 valuation is \$0.90 [~~\$0.72-for-the-1991-1992-school-year,~~
6 ~~\$0.82-for~~
7 ~~the-1992-1993-school-year,~~
8 ~~\$0.92-for-the-1993-1994-school-year,~~
9 ~~and~~
10 ~~\$1.00-for-each-school-year-thereafter~~]; and

11 "DPV" is the taxable value of property in the [county
12 education] district for the prior tax year determined under Section
13 11.86 of this code.

14 (b) The commissioner of education shall adjust the values
15 reported in the official report of the comptroller as required by
16 Section 5.09(a), [Property] Tax Code, to reflect reductions in
17 taxable value of property resulting from natural or economic
18 disaster after January 1 in the year in which the valuations are
19 determined. The decision of the commissioner of education shall be
20 final. An adjustment does not affect the local fund assignment of
21 any other school [county-education] district.

22 (c) Appeals of district values shall be held pursuant to
23 Subsection (e) of Section 11.86 of this code.

24 (d) A school [county-education] district shall raise its
25 total local share of the foundation school program. [~~The-funds~~
26 ~~shall--be--reallocated--to--the--school--districts--in--the--county~~
27 ~~education-district-in-the-manner-prescribed-by-Subchapter-8-of-this~~
28 ~~chapter.~~]

(e) The commissioner of education shall hear appeals from school [county-education] districts which have experienced a rapid decline in tax base used in calculating the local fund assignment, exceeding eight percent of prior year, that is beyond the control of the board of trustees of the school [county-education] district. The commissioner of education may adjust the school [county education] district's taxable values for local fund assignment purposes for such losses in value exceeding eight percent and thereby adjust the local fund assignment to reflect the local current year taxable value. The decision of the commissioner of education shall be final. An adjustment does not affect the local fund assignment of any other school [county--education] district.

Sec. 16.254. DISTRIBUTION OF FOUNDATION SCHOOL FUND.

(a) For each school year the commissioner of education shall determine:

(1) the amount of money to which a school district is entitled under Subchapters C and D of this chapter;

(2) the amount of money to which a school district is entitled under Subchapter H of this chapter;

(3) the amount of money allocated to the district from the available school fund;

(4) the amount of each district's tier one local share under Section 16.252 of this code; and

(5) the amount of each district's tier two local share

1 under Section 16.303 of this code.

2 (b) The commissioner shall base the determinations under
3 Subsection (a) of this section on the estimates provided to the
4 legislature under Section 16.2541 of this code for each school
5 district for each school year or different estimates provided by
6 the General Appropriations Act.

7 (c) Each school district is entitled to an amount equal to
8 the difference for that district between the sum of Subsections
9 (a)(1) and (a)(2) of this section and the sum of Subsections
10 (a)(3), (a)(4), and (a)(5) of this section.

11 (d) The commissioner shall approve warrants to each school
12 district equaling the amount of its entitlement except as provided
13 by this section. Warrants for all money expended according to this
14 chapter shall be approved and transmitted to treasurers or
15 depositories of school districts in the same manner that warrants
16 for state payments are transmitted.

17 (e) The commissioner shall recompute the amount to which the
18 district is entitled under Subsection (c) of this section if a
19 school district's tax rate is less than the limit authorized under
20 this subsection. For a district with a taxable value of property
21 per weighted student in average daily attendance that is equal to
22 or greater than the average value for a school district in this
23 state, as determined under Section 11.86 of this code, the amount
24 to which the district is entitled under this section may not exceed
25 the amount to which the district would be entitled at the

1 district's tax rate for the final year of the preceding biennium,
2 or a different tax rate provided by appropriation. For a district
3 with a taxable value of property per weighted student in average
4 daily attendance of zero, the amount to which the district is
5 entitled under this section may not exceed the amount to which the
6 district is entitled at the district's tax rate for the current
7 year up to the limit of a rate that is a \$0.10 increase in rate
8 over the last year of the preceding biennium. For other districts
9 with a taxable value of property per weighted student in average
10 daily attendance that is lower than the state average, the
11 commissioner of education shall provide for a proportionately lower
12 limit under this section based on each district's taxable value of
13 property so that the closer a district's taxable value of property
14 per weighted student in average daily attendance is to the state
15 average, the lower the limit. The commissioner annually shall
16 certify to districts with a taxable value of property per weighted
17 student in average daily attendance that is lower than the state
18 average the amount of district revenue within the limit prescribed
19 under this section. The commissioner shall recompute the amount to
20 which a district is entitled to the extent necessary under this
21 section. The commissioner shall approve warrants to the school in
22 the amount that results from the new computation. An amount equal
23 to the difference between the initial allocation and the amount of
24 the warrants shall be transferred to a special account in the
25 foundation school fund known as the reserve account.

1 (f) Amounts transferred to the reserve account under
2 Subsection (e) of this section shall be used in the succeeding
3 fiscal year to finance increases in allocations to school districts
4 under Subsection (i) of this section. If the amount in the reserve
5 account is less than the amount of the increases under Subsection
6 (i) of this section for the second year of a state fiscal biennium,
7 the commissioner shall certify the amount of the difference to the
8 foundation school fund budget committee not later than January 1 of
9 the second year of the state fiscal biennium. The committee shall
10 propose to the legislature that the certified amount be transferred
11 to the foundation school fund from the economic stabilization fund
12 and appropriated for the purpose of increases in allocations under
13 Subsection (h) of this section.

14 (g) If a school district demonstrates to the satisfaction of
15 the commissioner that the estimate of the district's tax rate,
16 student enrollment, or taxable value of property used in
17 determining the amount of state funds to which the district is
18 entitled are so inaccurate as to result in undue financial hardship
19 to the district, the commissioner may adjust funding to that
20 district in that school year to the extent that funds are available
21 for that year, including funds in the reserve account. Funds in
22 the reserve account may not be used under this subsection until any
23 reserve funds have been used for purposes of Subsection (f) of this
24 section.

25 (h) If the legislature fails during the regular session to

1 enact the transfer and appropriation proposed under Subsection (f)
2 of this section and there are not funds available under Subsection
3 (j) of this section, the commissioner shall reduce the total amount
4 of state funds allocated to each district by an amount determined
5 by a method under which the application of the same number of cents
6 of increase in tax rate in all districts applied to the taxable
7 value of property of each district, as determined under Section
8 11.86 of this code, results in a total levy equal to the total
9 reduction. The following fiscal year, a district's entitlement
10 under this section is increased by an amount equal to the reduction
11 made under this subsection.

12 (i) Not later than March 1 each year, the commissioner shall
13 determine the actual amount of state funds to which each school
14 district is entitled under the allocation formulas in this chapter
15 for the current school year and shall compare that amount with the
16 amount of the warrants issued to each district for that year. If
17 the amount of the warrants differs from the amount to which a
18 district is entitled because of variations in the district's tax
19 rate, student enrollment, or taxable value of property, the
20 commissioner shall adjust the district's entitlement for the next
21 fiscal year accordingly.

22 (j) The legislature may appropriate funds necessary for
23 increases under Subsection (i) of this section from funds that the
24 comptroller, at any time during the fiscal year, finds are
25 available.

1 (k) The commissioner shall compute for each school district
2 the total amount by which the district's allocation of state funds
3 is increased or reduced under Subsection (i) of this section and
4 shall certify that amount to the district.

5 (l) The commissioner shall compute for each school district
6 the total amount, if any, by which the district's total revenue is
7 reduced from one school year to the next because of a change in the
8 method of finance under this chapter. The commissioner shall
9 certify the amount of the reduction to the school district for use
10 in determining the school district's rollback rate under Section
11 26.08, Tax Code.

12 (m) In this section, the number of weighted students in
13 average daily attendance is calculated in the manner provided by
14 Section 16.302 of this code.

15 Sec. 16.2541. ESTIMATES REQUIRED. (a) Not later than
16 October 1 of each even-numbered year:

17 (1) the Central Education Agency shall submit to the
18 foundation school fund budget committee and the legislature an
19 estimate of the tax rate and student enrollment of each school
20 district for the following biennium; and

21 (2) the comptroller shall submit to the foundation
22 school fund budget committee and the legislature an estimate of the
23 total taxable value of all property in the state as determined
24 under Section 11.86 of this code for the following biennium.

25 (b) The Central Education Agency and the comptroller shall

1 update the information provided to the legislature under Subsection
 2 (a) of this section not later than March 1 of each odd-numbered
 3 year. [~~The commissioner of education shall determine annually:~~

4 [~~(1) the amount of money necessary to operate a~~
 5 ~~Foundation-School-Program in each school district;~~

6 [~~(2) the amount of local funds due the school district~~
 7 ~~from the local fund assignment of the county education district;~~
 8 ~~and~~

9 [~~(3) the amount of state available school funds~~
 10 ~~distributed to each school district;~~

11 [~~(b) The commissioner of education shall then grant to each~~
 12 ~~school district from the Foundation-School-Program appropriation~~
 13 ~~the amount of funds necessary to provide the difference between~~
 14 ~~Subdivision (1) and the sum of Subdivisions (2) and (3) of~~
 15 ~~Subsection (a) of this section.~~

16 [~~(c) The commissioner shall approve warrants to each school~~
 17 ~~district equaling the amount of its grant. Warrants for all money~~
 18 ~~expended according to the provisions of this chapter shall be~~
 19 ~~approved and transmitted to treasurers or depositories of school~~
 20 ~~districts in the same manner as warrants for state apportionment~~
 21 ~~are transmitted.~~

22 [~~(d) Notwithstanding any other provision of this chapter, if~~
 23 ~~for any year the total state's share of the Foundation-School~~
 24 ~~Program, as determined under this chapter, exceeds the total amount~~
 25 ~~appropriated for that year, the commissioner shall reduce the total~~

1 amount--of--state--funds--allocated--to--each-district-by-an-amount
2 determined-by-a-method-under-which--the--application--of--the--same
3 number--of--cents--of--increase--in-tax-rate-applied-to-the-taxable
4 value-of-property-of-each-district,--as--determined--under--Section
5 11.86--of--this--code,--results-in-a-levy-for-each-district-equal-to
6 the-amount-deducted-from-that-district's-allocation.

7 [(e) --The-commissioner-of-education-shall--compute--for--each
8 school-district-the-total-amount-by-which-the-district's-allocation
9 of--state-funds-is-reduced-under-Subsection-(d)-of-this-section-and
10 shall-certify-that-amount-to-the-district.]

11 Sec. 16.255. FALSIFICATION OF RECORDS; REPORT. (a) When,
12 in the opinion of the director of school audits of the Central
13 Education Agency, audits or reviews of accounting, enrollment, or
14 other records of a school district reveal deliberate falsification
15 of the records, or violation of the provisions of this chapter,
16 whereby the district's share of state funds allocated under the
17 authority of this chapter would be, or has been, illegally
18 increased, the director shall promptly and fully report the fact to
19 the State Board of Education and the state auditor.

20 (b) In the event of overallocation of state funds, as
21 determined by the State Board of Education or the state auditor by
22 reference to the director's report, the Central Education Agency
23 shall, by withholding from subsequent allocations of state funds,
24 recover from the district an amount, or amounts, equal to the
25 overallocation.

1 Sec. 16.256. FOUNDATION SCHOOL FUND BUDGET COMMITTEE.

2 (a) The foundation school fund budget committee is composed of the
3 governor, the lieutenant governor, and the comptroller [~~of--public~~
4 accounts].

5 (b) On or before December [~~November~~] 1 before each regular
6 session of the legislature, the budget committee shall determine
7 and certify to the comptroller [~~of--public--accounts~~] an amount of
8 money to be placed in the foundation school fund for the succeeding
9 biennium for the purpose of financing the Foundation School Program
10 as described in this code.

11 (c) The budget committee may, during the biennium, change
12 the estimate of money necessary to finance the Foundation School
13 Program.

14 (d) The foundation school fund budget committee shall adopt
15 rules for the calculation for each year of a biennium of the
16 qualified funding elements necessary to achieve the state funding
17 policy under Section 16.001 of this code not later than the
18 1994-1995 school year and for each year thereafter. In the
19 calculation of these funding elements, the committee shall consider
20 the report of the Legislative Education Board prescribed under
21 Section 16.008 of this code.

22 (e) The funding elements shall include:

23 (1) a basic allotment for the purposes of Section
24 16.101 of this code that represents the cost per student of a
25 regular education program that meets the basic criteria for an

1 accredited program including all mandates of law and regulation;

2 (2) adjustments designed to reflect the variation in
3 known resource costs and costs of education beyond the control of
4 school districts;

5 (3) appropriate program cost differentials and other
6 funding elements for the programs authorized under Subchapter D of
7 this chapter, with the program funding level expressed as dollar
8 amounts and as weights applied to the adjusted basic allotment for
9 the appropriate year;

10 (4) the maximum guaranteed level of qualified state
11 and local funds per student for the purposes of Subchapter H of
12 this chapter;

13 (5) the enrichment and facilities tax rate under
14 Subchapter H of this chapter;

15 (6) the formula elements for the funding formulas for
16 capital outlay and debt service under the provision of Subchapter I
17 of this chapter; and

18 (7) the calculation of weighted students in average
19 daily attendance under Section 16.302 of this code.

20 (f) Not [~~Beginning--in--1992,--not~~] later than December
21 [~~November~~] 1 preceding each regular session of the legislature, the
22 foundation school fund budget committee by rule shall adopt and
23 report the equalized funding elements calculated under this section
24 to the commissioner of education and the legislature. Before the
25 committee adopts the elements, the committee or the committee's

1 designees shall hold a public hearing on the recommendations of the
2 Legislative Education Board.

3 [~~(g)--Notwithstanding--other--provisions--of--this--section,--the~~
4 ~~funding--elements--adopted--by--the--foundation--school--fund--budget~~
5 ~~committee--for--the--1993-1994-school-year--and--the--1994-1995-school~~
6 ~~year--shall--provide--for--appropriate--transition--from--the--program--in~~
7 ~~effect--for--the--1992-1993-school-year.~~]

8 Sec. 16.258. EFFECT OF APPRAISAL APPEAL. (a) If the final
9 determination of an appeal under Chapter 42, Tax Code, results in a
10 reduction in the taxable value of property that exceeds five
11 percent of the total taxable value of property in the school
12 district for the same tax year determined under Section 11.86 of
13 this code, the commissioner of education shall request the
14 comptroller to adjust its taxable property value findings for that
15 year consistent with the final determination of the appraisal
16 appeal.

17 (b) If the district would have received a greater amount
18 from the foundation school fund for the applicable school year
19 using the adjusted value, the commissioner shall add the difference
20 to subsequent distributions to the district from the foundation
21 school fund. An adjustment does not affect the local fund
22 assignment of any other district.

23 Sec. 16.260. FOUNDATION SCHOOL FUND TRANSFERS. (a) In this
24 section:

25 (1) "Category 1 school district" means a school

1 district having a wealth of less than one-half of the statewide
2 average wealth.

3 (2) "Category 2 school district" means a school
4 district having a wealth of at least one-half of the statewide
5 average wealth per pupil but not more than the statewide average
6 wealth.

7 (3) "Category 3 school district" means a school
8 district having a wealth of more than the statewide average wealth.

9 (4) "Wealth" means the taxable property values
10 reported by the comptroller to the commissioner of education under
11 Section 16.252 of this code divided by the number of students in
12 average daily attendance.

13 (b) Payments from the foundation school fund to each
14 category 1 school district shall be made as follows:

15 (1) 21 percent of the yearly entitlement of the
16 district shall be paid in two equal installments to be made on or
17 before the 25th day of September and October of a fiscal year;

18 (2) 57 percent of the yearly entitlement of the
19 district shall be paid in six equal installments to be made on or
20 before the 25th day of November, December, January, February,
21 March, and July; and

22 (3) 22 percent of the yearly entitlement of the
23 district shall be paid in two equal installments to be made on or
24 before the 25th day of April and May.

25 (c) Payments from the foundation school fund to each

category 2 school district shall be made as follows:

(1) 21 percent of the yearly entitlement of the district shall be paid in two equal installments to be made on or before the 25th day of September and October of a fiscal year;

(2) 38 percent of the yearly entitlement of the district shall be paid in four equal installments to be made on or before the 25th day of November, December, March, and July;

(3) seven percent of the yearly entitlement of the [school] district shall be paid in two equal installments to be made on or before the 25th day of January and February;

(4) 22 percent of the yearly entitlement of the [school] district shall be paid in two equal installments to be made on or before the 25th day of April and May; and

(5) 12 percent of the yearly entitlement of the [school] district shall be paid in two equal installments to be made on or before the 25th day of June and August.

(d) Payments from the foundation school fund to each category 3 school district shall be made as follows:

(1) 21 percent of the yearly entitlement of the district [school] shall be paid in two equal installments to be made on or before the 25th day of September and October of a fiscal year;

(2) 57 percent of the yearly entitlement of the district [school] shall be paid in six equal installments to be made on or before the 25th day of November, December, March, June,

July, and August; and

(3) 22 percent of the yearly entitlement of the [school] district shall be paid in two equal installments to be made on or before the 25th day of April and May.

(e) The amount of any installment required by this section may be modified to provide a school district with the proper amount to which the district may be entitled by law and to correct errors in the allocation or distribution of funds. If an installment under this section is required to be equal to other installments, the amount of other installments may be adjusted to provide for that equality. A payment under this section is not invalid because it is not equal to other installments.

SUBCHAPTER H. GUARANTEED YIELD PROGRAM (TIER TWO)

Sec. 16.301. PURPOSE. The purpose of the guaranteed yield component of the Foundation School Program is to provide each school district with the opportunity to supplement the basic program at a level of its own choice and with access to additional funds for facilities. An allotment under this subchapter may be used for any legal purpose, including capital outlay and debt service.

Sec. 16.302. ALLOTMENT. (a) For each weighted student in average daily attendance, each [Each] school district is guaranteed a specified amount [per-weighted-student] in state and local funds for each cent of tax effort over the tax effort [that] required for the tier one local fund assignment under Section 16.252 of this

code [of-the-county-education-district-in-which-the-school-district
is--located] up to the maximum level specified in this subchapter.
For each cent of tax effort under this section up to 30 cents, a
district is entitled to an amount equal to \$20 per weighted student
in average daily attendance. For each incremental cent of that tax
effort greater than 30 cents and up to 60 cents, a district is
entitled to an amount per weighted student in average daily
attendance based on the following formula:

$$GY = \$20 - ((\$3/30) \times DTR)$$

where:

"GY" is the amount guaranteed per weighted student in average
daily attendance for each incremental cent of tax effort greater
than 30 cents, up to 60 cents; and

"DTR" is the incremental cent of tax effort greater than 30
cents that applies to the given guaranteed yield amount. [The
amount-of-state-support, subject-only-to-the-maximum--amount--under
Section-16-303-of-this-code, is-determined-by-the-formula:

$$[GYA--(GB \times WABA \times DTR \times 100)--LR$$

where:

"GYA"--is--the--guaranteed-yield-amount-of-state-funds-to-be
allocated-to-the-district;

"GB"--is-the-dollar-amount--guaranteed--level--of--state--and
local--funds--per-weighted-student-per-cent-of-tax-effort, which-is
\$21.50-for-the-1991-1992-school--year,--\$22.50--for--the--1992-1993
school--year,--\$26--for-the-1993-1994-school-year, and-\$28-for-each

school-year-thereafter, or a greater amount for any year provided by appropriation, or a greater amount adopted by the foundation school fund budget committee under Section 16.256(d) of this code for the 1993-1994 or 1994-1995 school year or thereafter;

(b) In this section, ["WABA", except as provided by Section 16.206 of this code, is] the number of weighted students in average daily attendance [which] is calculated by dividing the sum of the school district's allotments under Subchapters C and D of this chapter, less any allotments to the district for transportation, career ladder supplements, or technology and 50 percent of the adjustment under Section 16.102 of this code, by the basic allotment for the applicable year.

(c) The funding elements provided by this section may be increased by the foundation school fund budget committee or modified by appropriation. [

"DTR" is the district enrichment and facilities tax rate of the school district, which is determined by dividing the total amount of taxes collected by the school district for the applicable school year by the quotient of the district's taxable value of property as determined under Section 11.86 of this code divided by 100, and

"LR" is the local revenue, which is determined by multiplying "DTR" by the quotient of the district's taxable value of property as determined under Section 11.86 of this code divided by 100.

[(b) --Beginning--with--the--1993-1994--school--year,--if--the
 program-cost-differentials-developed--jointly--by--the--Legislative
 Education--Board--and--the--Legislative--Budget-Board-under-Section
 16.203-of-this-code--and--the--adjustments--studied--under--Section
 16.206--of--this-code-are-not-adopted-by-the-foundation-school-fund
 budget-committee-or--the--commissioner--of--education,--the--amount
 guaranteed--under-this-section-is-an-amount-per-student-rather-than
 per--weighted--student--and--a--school--district's--average--daily
 attendance--("ADA")--under-Section-16.006-of-this-code-is-substituted
 for--"WADA"--in-the-formula-under-Subsection-(a)-of-this-section.]

Sec. 16.303. LOCAL SHARE OF PROGRAM COST (TIER TWO). Each
 school district's share of program costs under this subchapter
 shall be an amount determined by the following formula:

$$LFA = TR \times (DPV/100)$$

where:

"LFA" is the district's tier two local share;

"TR" is the district's tax rate under Section 16.302 of this
 code; and

"DPV" is the taxable value of property in the district for
 the prior tax year determined under Section 11.86 of this code.

[LIMITATION-ON-ENRICHMENT-AND-FACILITIES-TAX-RATE.---The--district
 enrichment--and-facilities-tax-rate--("DTR")--under-Section-16.302-of
 this-code-may-not-exceed-\$0.45-or-a-greater--amount--for--1993-1994
 and--1994-1995--school--years--or--thereafter--as--adopted--by--the
 foundation--school-fund-budget-committee-under-Section-16.256(d)-of

1 ~~this-code-]~~

2 Sec. 16.304. COMPUTATION OF AID FOR DISTRICT ON MILITARY
3 RESERVATION OR AT STATE SCHOOL. State assistance under this
4 subchapter for a school district located on a federal military
5 installation or at Moody State School is computed using the average
6 tax rate and property value per student of school districts in the
7 county, as determined by the commissioner of education.

8 SUBCHAPTER I. CAPITAL OUTLAY AND DEBT SERVICE

9 Sec. 16.401. INVENTORY OF SCHOOL FACILITIES. (a) The State
10 Board of Education shall establish a statewide inventory of school
11 facilities and shall update the inventory on a periodic basis.

12 (b) The inventory shall include information on the
13 condition, use, type, and replacement cost of public school
14 facilities in this state.

15 Sec. 16.402. STANDARDS. The State Board of Education shall
16 establish standards for adequacy of school facilities. The
17 standards shall include requirements related to space, educational
18 adequacy, and construction quality. All facilities constructed
19 after September 1, 1992, must meet the standards in order to be
20 financed with state or local tax funds.

21 Sec. 16.403. ADVISORY COMMITTEE. The State Board of
22 Education shall appoint a committee composed of 15 persons
23 knowledgeable of various aspects of school facility planning,
24 construction, renovation, and financing. The advisory committee
25 shall provide the board and the commissioner with assistance on the

development of the inventory system, the creation of facility standards, and the conduct of facility research related to current and future roles of the state in the provision of financial and technical assistance to school districts. The members of the committee shall serve without compensation but may be reimbursed for actual and necessary expenses.

[SUBCHAPTER-J--COUNTY-EDUCATION-DISTRICT-DISTRIBUTIONS

[Sec.-16-501--TIER-ONE--(a)--The-commissioner-of--education shall--notify--each--county--education--district--of--the--total--amount--of funds--that--each--school--district--in--the--county--education--district--is entitled--to--receive--under--tier--one--of--the--Foundation--School Program-

{b)--For--tier--one,--the--board--of--trustees--of--each--county education--district--shall--distribute--the--funds--collected--from--the tax--levied--by--the--county--education--district--under--Section--20-945--of this--code--to--the--school--districts--in--the--county--on--the--basis--of--the component--districts'-share--of--the--taxable--value--of--property--of--the county--education--district--with--the--provision--that--no--component district--shall--receive--funds--in--excess--of--the--cost--of--tier--one--less the--distribution--of--the--available--school--fund-

{c){1)--Notwithstanding--Subsection--(b)--of--this--section,--for the--1991-1992,--1992-1993,--and--1993-1994--school--years,--for--tier--one the--board--of--trustees--of--each--county--education--district--shall distribute--the--funds--collected--from--the--tax--levied--by--the--county education--district--under--Section--20-945--of--this--code--to--the--school

districts-in-the-county-education-district-as-follows:

[(A) --to-those--school--districts--that--did--not receive--foundation--school--funds-for-the-1990-1991-school-year-in which-the-amount-of-revenue-per-weighted-student-from--local--funds and-the-available-school-fund-for-the-1990-1991-school-year-exceeds the--total--amount--of--revenue--per--weighted-student-to-which-the district-is-entitled-under-the-Foundation-School-Program-at--a--tax rate--equal--to-the-maximum-tax-rate-authorized-under-Section-20.09 of-this-code, the-county-education--district--shall--distribute--an amount--equal--to--the-difference-between-the-amount-of-revenue-per weighted-student-in-the-district-in-the-1990-1991-school-year--from local-funds-and-the-available-school-fund-and-the-levy-that-results from--the--application-of-the-maximum-rate-authorized-under-Section 20.09-of-this-code-to-the-district's-taxable-value-of-property, and

[(B) --the---county---education---district---shall apportion-the-remaining-funds-collected-from-the-tax-levy--to--each school--district--in--the-county-education-district-on-the-basis-of the-component-districts'-share-of-the-taxable-value-of-property--of the--county-education-district-with-the-provision-that-no-component district-shall-receive-funds-in-excess-of-the-cost-of-tier-one-less the-distribution-of-the-available-school-fund;

[(2) --This-subsection-expires-September-17-1994;

[(d) --If-the-total-amount-available-for-distribution--by--the county--education--district-exceeds-the-county-education-district's local-share-under-Section-16.252-of-this-code, the-county-education

district--shall--retain--the--excess--amount--for--distribution--in
succeeding years.

[~~(e)~~--If the total amount available for distribution by the
county--education--district--is--less--than--the--county--education
district's--local--share--under--Section--16.252--of--this--code, the
distributions shall be made under rules adopted by the commissioner
of education.

[~~Sec. 16.502--COLLECTION AND--DISTRIBUTION--SCHEDULES.---The~~
commissioner--of--education--shall--establish--a--schedule--for--the
distribution--of--funds--to--each--school---district---under---this
subchapter.

[~~Sec. 16.503--DEFINITION.-----In--this--subchapter,--"taxable~~
value of property"--is the value determined under Section--11.86--of
this code.]

SECTION 2. Subsection (a), Section 11.86, Education Code, is
amended to read as follows:

(a) The comptroller shall conduct an annual study using
comparable sales and generally accepted auditing and sampling
techniques to determine the total value of all taxable property in
each [county-education] school district [and each of its--component
school--districts]. The study shall determine the taxable value of
all property and of each category of property within the district
and the productivity value of all land that qualifies for appraisal
on the basis of its productive capacity and for which the owner has
applied for and received a productivity appraisal. In conducting

1 the study, the comptroller shall review the appraisal standards,
2 procedures, and methodology used by each appraisal district to
3 determine the taxable value of property in each school district.
4 The review must test the validity of the taxable values assigned to
5 each category of property by the appraisal district:

6 (1) using, if appropriate, samples selected through
7 generally accepted sampling techniques; and

8 (2) according to generally accepted standard
9 valuation, statistical compilation, and analysis techniques. If
10 the comptroller finds in the annual study that generally accepted
11 appraisal standards and practices were used by the appraisal
12 district in valuing a particular category of property, and that the
13 taxable values assigned to each category of property by the
14 appraisal district are valid, the appraisal roll value of that
15 category of property is presumed to represent taxable value. In
16 the absence of such a presumption, the comptroller shall estimate
17 the taxable value of that category of property using generally
18 accepted standard valuation, statistical compilation, and analysis
19 techniques. For the purposes of this section, "taxable value"
20 means market value less:

21 (1) the total dollar amount of any exemptions of part
22 but not all of the value of taxable property required by the
23 constitution or a statute that a district lawfully granted in the
24 year that is the subject of the study;

25 (2) the total dollar amount of any exemptions granted

1 within a reinvestment zone under agreements authorized by the
2 Property Redevelopment and Tax Abatement Act (Chapter 312, Tax
3 Code);

4 (3) the total dollar amount of any captured appraised
5 value of property that is located in a reinvestment zone and that
6 is eligible for tax increment financing under the Tax Increment
7 Financing Act (Chapter 311, Tax Code);

8 (4) the total dollar amount of any exemptions granted
9 under Section 11.251, Tax Code;

10 (5) the difference between the market value and the
11 productivity value of land that qualifies for appraisal on the
12 basis of its productive capacity, except that the productivity
13 value may not exceed the fair market value of the land;

14 (6) the portion of the appraised value of residence
15 homesteads of the elderly on which school district taxes are not
16 imposed in the year that is the subject of the study, calculated as
17 if the residence homesteads were appraised at the full value
18 required by law;

19 (7) a portion of the market value of property not
20 otherwise fully taxable by the district at market value because of
21 action required by statute or the Texas Constitution that, if the
22 tax rate adopted by the district is applied to it, produces an
23 amount equal to the difference between the tax that the district
24 would have imposed on the property if the property were fully
25 taxable at market value and the tax that the district is actually

authorized to impose on the property; and

(8) the market value of all tangible personal property, other than manufactured homes, owned by a family or individual and not held or used for the production of income.

SECTION 3. Subsections (b) and (e), Section 14.063, Education Code, are amended to read as follows:

(b) Each school district is entitled to an annual allotment for the purposes provided under Section 14.064 of this code equal to its unadjusted average daily attendance multiplied by[

~~(1) \$30 [for-the-1992-1993-school-year, or a greater amount provided by appropriation;~~

~~(2) \$35--for--the-1993-1994-school-year, or a greater amount provided by appropriation;~~

~~(3) \$40-for-the-1994-1995-school-year, or--a--greater amount provided by appropriation;~~

~~(4) \$45--for--the-1995-1996-school-year, or a greater amount provided by appropriation; and~~

~~(5) \$50-for-the-1996-1997-school-year--and--for--each school---year---thereafter],~~ or a greater amount provided by appropriation.

(e) If an insufficient amount is available in the fund for the state's share of the allotments under Subsection (b) of this section, the agency shall reduce each district's allotment by application of the formula adopted under Section 16.254 ~~[16.254(d)]~~ of this code.

1 SECTION 4. Subchapter B, Chapter 19, Education Code, is
2 amended by adding Section 19.028 to read as follows:

3 Sec. 19.028. DETACHMENT AND ANNEXATION TO REDUCE VARIATIONS
4 IN PROPERTY VALUE. (a) To the extent necessary to reduce
5 variations in property value per student among school districts,
6 for each school year, the commissioner of education, with the
7 approval of the foundation school fund budget committee as provided
8 by this section, shall order the detachment of all or a portion of
9 property from a district and the annexation of the property to one
10 or more other districts as provided by this section, without regard
11 to whether the property is contiguous to the district to which the
12 property is annexed. A detachment and annexation of real property
13 applies to the taxable personal property having taxable situs in
14 the same location as the real property. To the greatest extent
15 possible, the commissioner shall provide for the detachment or
16 annexation of whole parcels of property. However, the commissioner
17 may detach or annex a portion of a parcel of property separately
18 from the remainder of the parcel if necessary to carry out the
19 purposes of this section, and for that purpose may partition a
20 parcel of property for ad valorem taxation. If portions of a
21 parcel or other item of property are located in different school
22 districts as the result of a detachment or annexation, the parcel
23 or other item of property shall be appraised for taxation as a
24 unit, and the foundation school fund budget committee, on the
25 recommendation of the commissioner, shall determine the portion of

1 the taxable value of the property that is located in each of those
2 school districts.

3 (b) The commissioner may detach and annex property under
4 this section only if:

5 (1) the primary use of the property is not
6 residential, as determined under rules adopted by the commissioner;

7 (2) the school district from which the property is
8 being detached, before detachment, has a taxable value of property
9 per weighted student in average daily attendance greater than
10 \$280,000 per weighted student in average daily attendance;

11 (3) the annexation does not result in taxable value of
12 property per weighted student in average daily attendance in the
13 district to which property is being annexed greater than the lowest
14 level for which funds are provided under Subchapter H, Chapter 16,
15 of this code;

16 (4) the property is not exempt from ad valorem
17 taxation under Section 11.20 or 11.21, Tax Code;

18 (5) the property is not a building or structure owned
19 by the United States, this state, or a political subdivision of
20 this state that is exempt from ad valorem taxation under law;

21 (6) the property is not currently devoted to
22 agricultural purposes and in the preceding tax year was not
23 appraised for ad valorem taxation under Subchapter C or D, Chapter
24 23, Tax Code, unless detachment and annexation of that land is a
25 necessary incident to the detachment and annexation of a mineral

1 interest; and

2 (7) the detachment and annexation would not subject
3 the property to the debt tax rates of more than two districts in
4 the same tax year as a result of multiple detachments and
5 annexations of the property.

6 (c) Property may be detached from a school district under
7 this section only to the extent that, in accordance with a
8 determination of the commissioner, permits the district, by
9 imposing an effective tax rate of \$1.50 on the \$100 valuation of
10 taxable property to the district's taxable value of property, to
11 have available the same amount of revenue per weighted student in
12 average daily attendance for maintenance and operation of the
13 district, excluding reserves for facilities but including amounts
14 necessary to pay contracted obligations on the lease purchase of
15 permanent improvements to real property entered into on or before
16 May 12, 1993, and excluding costs of contributions under this
17 section, that the district spent in the 1992-1993 school year.

18 (d) In making a determination under this section, the
19 commissioner shall consider the likelihood that the property would
20 need to be transferred again, so that further detachment and
21 annexation of that property may be minimized.

22 (e) In making a selection among school districts eligible to
23 have property annexed under this section, the commissioner shall
24 give priority to school districts in the following order:

25 (1) first, to a district contiguous to the detached

1 property;

2 (2) second, to the district nearest to the detached
3 property and located in the same county;

4 (3) third, to another district located in the same
5 county as the detached property;

6 (4) fourth, to a district in which the property would
7 be subject to a tax burden in an amount close to the amount to
8 which the property was subject before detachment; and

9 (5) fifth, to the nearest district in proximity to the
10 detached property.

11 (f) The commissioner shall report to the foundation school
12 fund budget committee a determination of any detachments and
13 annexations of property to be made under this section not later
14 than July 15 of each year. Not later than July 30, the committee
15 shall approve the commissioner's determination or shall specify to
16 the commissioner its objections. Not later than the 10th day after
17 the date on which the commissioner receives any objections from the
18 committee, the commissioner shall submit a revised determination to
19 the committee, and, not later than the 10th day after the date on
20 which the committee receives the revised determination, the
21 committee shall respond to the revised determination. The
22 commissioner and the committee shall continue on that schedule
23 until the committee approves a determination. As soon as
24 practicable after approval, the commissioner shall notify each
25 affected school district and property owner and the appraisal

district in which the affected property is located of the determination.

(g) A decision or determination of the commissioner or the foundation school fund budget committee under this section is final and not appealable. A detachment or annexation action taken under this chapter does not affect a decision of the commissioner under this section. The Administrative Procedure and Texas Register Act (Article 6252-13a, Vernon's Texas Civil Statutes) does not apply to a decision of the commissioner or the foundation school fund budget committee under this section.

(h) If, as a result of detachment of property under this section, the taxable value of property per weighted student in average daily attendance in a school district is below \$260,000 per weighted student in average daily attendance, the next time the commissioner of education and the foundation school fund budget committee act under Subsection (f) of this section, property shall be annexed to the district to the extent that, after annexation, the taxable value of property per weighted student in average daily attendance does not exceed \$280,000.

(i) For foundation school program funding purposes, detachment and annexation under this section takes effect beginning with the school year that begins in the calendar year in which the detachment and annexation determination is made. A detachment and annexation of property applies to the ad valorem taxation of the property beginning with the tax year in which the detachment and

1 annexation is made. In that tax year, the property is taxable by
2 the school district to which it is annexed and is not taxable by
3 the school district from which it is detached.

4 (j) A student who is a resident of the area in which the
5 property being detached from a school district is located may
6 choose to attend school in that district or in the district to
7 which the property is being annexed. For purposes of determining
8 average daily attendance under Section 16.006 of this code, the
9 student shall be counted in the district to which the property is
10 being annexed. If the student chooses to attend school in the
11 district from which the property is being detached, the state shall
12 withhold any foundation school funds from the district to which the
13 property is being annexed and shall allocate to the district in
14 which the student is attending school those funds and the amount of
15 funds equal to the difference between the state funds the district
16 is receiving for the student and the district's cost in educating
17 the student.

18 (k) If before detachment the school district from which
19 property is detached has authorized the levy of a tax to pay
20 principal and interest on bonds, the district shall continue to
21 levy that tax on the detached property until the bonds, or
22 refinancing bonds for those bonds, have been retired in accordance
23 with Article VII, Section 3-b, of the Texas Constitution. The
24 district to which the property is annexed may not levy on that
25 property a tax to pay principal and interest on bonds issued before

1 the property was annexed or to refinance bonds issued before the
2 property was annexed. In determining to which district to annex
3 property detached under this section, the commissioner shall
4 consider the extent to which the district from which the property
5 is detached is levying a tax on that property to pay principal and
6 interest on bonds.

7 (l) The chief appraiser of each appraisal district and the
8 comptroller shall cooperate with the commissioner in implementing
9 this section.

10 (m) At the request of a person who owns property in the
11 school district to which property is annexed under this section,
12 the district shall send to the person a statement that specifies
13 the portion of the district's tax rate attributable to maintenance
14 and operation of the district and the portion attributable to debt
15 service for the most recent year following annexation and for the
16 last year preceding annexation.

17 (n) A tax abatement agreement executed by a school district
18 from which property is detached under this section that applies to
19 the detached property applies to the taxation of the property by
20 each school district to which the property is annexed under this
21 section as if executed by that school district.

22 (o) For purposes of this section:

23 (1) the number of weighted students in average daily
24 attendance, calculated in the manner provided by Section 16.302 of
25 this code, is the number estimated by the commissioner for the

1 succeeding school year; and

2 (2) the taxable value of property is determined as
3 provided by Section 11.86 of this code.

4 SECTION 5. Subchapter I, Chapter 19, Education Code, is
5 amended by adding Section 19.202 to read as follows:

6 Sec. 19.202. BOUNDARY ADJUSTMENTS TO ACHIEVE FINANCIAL
7 EQUITY. (a) Any two or more school districts may adjust their
8 boundaries by agreement if at the time the agreement is executed:

9 (1) the agreement has been approved by the board of
10 trustees of each of the affected school districts;

11 (2) all districts from which property is detached have
12 a wealth per weighted student greater than \$280,000 before
13 adjustment;

14 (3) the agreement results in all districts to which
15 property is attached having wealth per weighted student equal to or
16 less than \$170,000 per weighted student as recognized by the
17 commissioner of education after adjustment; and

18 (4) the agreement provides a metes and bounds
19 description of the new district boundaries.

20 (b) Any agreement made between school districts under
21 Subsection (a) of this section must be approved by the commissioner
22 of education.

23 (c) If the commissioner approves the agreement, the
24 commissioner shall determine the effective date of the transfer of
25 the property of the districts.

(d) In this section:

(1) "Wealth per student" means the taxable value of property, as determined under Section 11.86 of this code, per student in weighted average daily attendance.

(2) "Weighted students in average daily attendance" has the meaning assigned by Section 16.302 of this code.

SECTION 6. Section 20.09, Education Code, is amended to read as follows:

Sec. 20.09. TAX LIMITATIONS. (a) A ~~[Except-as-provided--by Subsections-(c)-and-(d)-of-this-section,-a]~~ school district may not impose a ~~[total]~~ tax rate on the \$100 valuation of taxable property that results in a levy for maintenance and operation of the district that exceeds \$1.50. ~~[the-levy-that-results-from--applying the--following--rate-to-the-district's-taxable-value-of-property-as determined-under-Section-11.86-of-this-code:~~

~~[(1)--\$0.70-for-the-1991-tax-year;~~

~~[(2)--\$0.60-for-the-1992-tax-year;~~

~~[(3)--\$0.50-for-the-1993-tax-year;-and~~

~~[(4)--\$0.50-for-each-subsequent-tax-year;]~~

(b) A district may impose taxes under this chapter on the residence homestead of a person whose taxes for general elementary and secondary public school purposes are limited under Article VIII, Section 1-b(d), of the Texas Constitution, only to the extent that the imposition, when added to the taxes imposed on the homestead by the school ~~[county-education]~~ district for the tier

1 one local fund assignment under Section 16.252 of this code, does
 2 not increase the person's tax liability for those purposes in
 3 violation of the constitutional limit.

4 [~~(c)~~--The--portion--of--the--total--tax--rate--required--to--collect
 5 the--taxes--pledged--and--levied--for--the--payment--of--principal--and
 6 interest--on--debt--authorized--to--be--issued--by--an--election--held--on--or
 7 before--April--17--1991--and--issued--before--September--17--1992--is--not
 8 subject--to--the--tax--limitation--under--Subsection--(a)--of--this--section--]

9 [~~(d)~~--Prior--to--the--issuance--of--bonds--other--than--bonds--exempt
 10 under--Subsection--(c)--of--this--section--a--district--shall--demonstrate
 11 to--the--attorney--general--with--respect--to--the--proposed--bond--issue--a
 12 projected--ability--to--pay--the--principal--of--and--interest--on--the
 13 proposed--bonds--and--all--previously--issued--bonds--other--than--bonds
 14 exempt--under--Subsection--(c)--of--this--section--from--a--tax--at--a--debt
 15 rate--not--to--exceed--\$0.50--per--\$100--valuation--and--a--total--tax--rate
 16 not--to--exceed--the--maximum--rate--under--Subsection--(a)--of--this
 17 section--On--approval--of--the--bonds--by--the--attorney--general--and
 18 issuance--by--the--district--the--district--may--levy--a--tax--exceeding--the
 19 limits--established--in--Subsection--(a)--of--this--section--if--necessary
 20 to--pay--the--principal--of--and--interest--on--the--bonds--without--reducing
 21 maintenance--and--operations--expenditures--for--the--district--]

22 SECTION 7. Subsection (b), Section 20.86, Education Code, is
 23 amended to read as follows:

24 (b) If the agency determines by audit or otherwise that a
 25 district has received a greater payment under this subchapter than

1 it was entitled to receive because it improperly granted residence
2 homestead exemptions, improperly granted eligibility pursuant to
3 Article 7174A or 7174B, assigned excessive value to property
4 affected by Article 7150.5, 7174A, or 7174B, or otherwise
5 overstated the amount it was entitled to receive, the agency shall
6 notify the district of its determination and the reasons for it and
7 shall reduce the amount of the next and, if necessary, subsequent
8 certifications under Section 20.85 of this code or payments of
9 state aid under Section [~~Sections~~] 16.254[~~(b)~~]-and-~~16.254(c)~~] of
10 this code until the amount of the overpayment is recovered.

11 SECTION 8. Section 20.88, Education Code, is amended to read
12 as follows:

13 Sec. 20.88. EFFECT OF LAND USE CHANGE. Prior to April 1,
14 each school district shall notify the Central Education Agency of
15 the amount of payments received during the prior 12 months under
16 the provisions of Section 5 of Article 7174A, Revised Civil
17 Statutes of Texas, 1925, Section 6 of Article 7174B, and Section
18 1-d(f) of Article VIII of the Texas Constitution. Fifty percent of
19 this amount shall be deducted from either current or subsequent
20 payments under this subchapter or payments of state aid under
21 Section [~~Sections~~] 16.254[~~(b)~~]-and-~~(c)~~].

22 SECTION 9. Subsection (c), Section 21.032, Education Code,
23 is amended to read as follows:

24 (c) Unless specifically exempted by Section 21.033 of this
25 code, a student enrolled in a public school district must attend an

1 extended year program provided by a school district for which the
2 student is eligible or tutorial classes required by the district
3 under Section 21.103(b) of this code. A district shall provide
4 transportation services to students required to attend an extended
5 year program provided by a school district in the same manner as
6 during the regular school year. A school district is not required
7 to provide transportation services to accommodate [such] students
8 required to attend tutorial classes under Section 21.103(b) of this
9 code. A student who attends at least 85 percent of the program
10 days of a program under this section shall be promoted to the next
11 grade level at the beginning of the next school year unless a
12 parent of the student presents a written request to the school
13 principal that the student not be promoted to the next grade level.
14 As soon as practicable after receiving the request from a parent,
15 the principal shall hold a formal meeting with the student's
16 parent, extended year program teacher, and counselor. During the
17 meeting, the principal, teacher, or counselor shall explain the
18 longitudinal statistics on the academic performance of students who
19 are not promoted to the next grade level and provide information on
20 the effect of retention on a student's self-esteem and on the
21 likelihood of a student dropping out of school. After the meeting,
22 the parent may withdraw the request that the student not be
23 promoted to the next grade level. If the parent of a student
24 eligible for promotion under this subsection withdraws the request,
25 the student will be promoted. If a student is promoted under this

1 subsection, the school district shall continue to use innovative
2 practices to ensure that the student is successful in school in
3 succeeding years. A school district that provides a program under
4 this section shall adopt a policy designed to lead to immediate
5 reduction and ultimate elimination of student retention.

6 SECTION 10. Section 21.502, Education Code, is amended to
7 read as follows:

8 Sec. 21.502. DEFINITIONS. As used in this subchapter,
9 "special services" means:

10 (1) "special teaching," which may be provided by
11 professional and paraprofessional personnel in the following
12 instructional settings:

- 13 (A) resource room;
14 (B) self-contained classroom, regular or special
15 campus;
16 (C) hospital or community class;
17 (D) homebound or bedside;
18 (E) speech or hearing therapy class; or
19 (F) mainstream; or

20 (2) "related services," which are developmental,
21 corrective, supportive, or evaluative services, not instructional
22 in nature, that may be required for the proper development and
23 implementation of a handicapped student's individualized
24 educational plan, including but not limited to special
25 transportation, school health services, counseling with students or

1 families, psychological services, audiological services, visual
2 training, medical or psychiatric diagnostic services, occupational
3 therapy, physical therapy, recreational therapy, social work
4 services, parent counseling and training, adaptive equipment,
5 special seating, orientation and mobility training, speech therapy,
6 music therapy, and corrective therapy.

7 SECTION 11. Subsection (b), Section 21.506, Education Code,
8 is amended to read as follows:

9 (b) Except as provided by Subsection (c) of this section,
10 contracts for residential placements when approved may be paid for
11 from a combination of federal, state, and local funds. The local
12 share of the total contract cost per pupil is that portion of the
13 local tax effort (total dollars generated by debt service and
14 maintenance taxes) which exceeds the district's local fund
15 assignment under Section 16.252 of this code, divided by the
16 average daily attendance in the district. If the contract involves
17 a private facility, the state share of the total contract cost is
18 that which remains after subtracting the local share. If the
19 contract involves a public facility other than a program or
20 facility administered by the Central Education Agency, the state
21 share is that which remains after subtracting the local share from
22 that portion of the contract which involves the costs of
23 instructional and related services. If the contract involves a
24 program or facility administered by the Central Education Agency,
25 there is no state share paid from this program.

1 SECTION 12. Subchapter N, Chapter 21, Education Code, is
2 amended by adding Section 21.513 to read as follows:

3 Sec. 21.513. PILOT PROGRAM FOR INCLUSION. The Central
4 Education Agency shall establish procedures and criteria for the
5 allocation of funds appropriated under Section 16.151(m) of this
6 code to school districts selected by the agency to establish a
7 pilot program for the inclusion of students with disabilities in
8 the regular classroom so that those students may receive an
9 appropriate free public education in the least restrictive
10 environment.

11 SECTION 13. Subchapter O, Chapter 21, Education Code, is
12 amended by adding Section 21.562 to read as follows:

13 Sec. 21.562. OPTIONAL EXTENDED YEAR PROGRAM. (a) A school
14 district may apply to the commissioner of education for approval to
15 provide an extended year program for a period not to exceed 30 days
16 for students in kindergarten through grade level eight who are
17 identified as likely not to be promoted to the next grade level for
18 the succeeding school year.

19 (b) The commissioner may adopt rules for the administration
20 of programs provided under this section.

21 (c) A school district may not enroll more than 12 students
22 in a class provided under this section.

23 (d) Each class provided under this section shall be taught
24 by a teacher who has completed successfully a program that provides
25 training to teach a class under this section and that satisfies

1 standards the commissioner establishes.

2 (e) A student who attends at least 85 percent of the program
3 days of a program under this section shall be promoted to the next
4 grade level at the beginning of the next school year unless a
5 parent of the student presents a written request to the school
6 principal that the student not be promoted to the next grade level.
7 As soon as practicable after receiving the request from a parent,
8 the principal shall hold a formal meeting with the student's
9 parent, extended year program teacher, and counselor. During the
10 meeting, the principal, teacher, or counselor shall explain the
11 longitudinal statistics on the academic performance of students who
12 are not promoted to the next grade level and provide information on
13 the effect of retention on a student's self-esteem and on the
14 likelihood of a student dropping out of school. After the meeting,
15 the parent may withdraw the request that the student not be
16 promoted to the next grade level. If the parent of a student
17 eligible for promotion under this subsection withdraws the request,
18 the student shall be promoted. If a student is promoted under this
19 subsection, the school district shall continue to use innovative
20 practices to ensure that the student is successful in school in
21 succeeding years.

22 (f) A school district that provides a program under this
23 section shall adopt a policy designed to lead to immediate
24 reduction and ultimate elimination of student retention.

25 (g) A school district may apply for approval under this

section only for a pilot program for students in grade level one for the 1993-1994 school year and only for a pilot program for students in grade levels one and two for the 1994-1995 school year. The state's share of a pilot program under this section may not exceed the amount appropriated for program purposes. Funds provided to a pilot program may be used for transportation of eligible students. This subsection expires September 1, 1995.

SECTION 14. Subdivision (12), Section 1.04, Tax Code, is amended to read as follows:

(12) "Taxing unit" means a county, an incorporated city or town (including a home-rule city), a school district, [~~a county--education--district,~~] a special district or authority (including a junior college district, a hospital district, a district created by or pursuant to the Water Code, a mosquito control district, a fire prevention district, or a noxious weed control district), or any other political unit of this state, whether created by or pursuant to the constitution or a local, special, or general law, that is authorized to impose and is imposing ad valorem taxes on property even if the governing body of another political unit determines the tax rate for the unit or otherwise governs its affairs.

SECTION 15. Section 6.02, Tax Code, is amended by amending Subsections (b) and (f) and adding Subsection (g) to read as follows:

(b) A taxing unit [~~other-than-a-county--education--district~~]

1 that has boundaries extending into two or more counties may choose
 2 to participate in only one of the appraisal districts. In that
 3 event, the boundaries of the district chosen extend outside the
 4 county to the extent of the unit's boundaries. To be effective,
 5 the choice must be approved by resolution of the board of directors
 6 of the district chosen. The choice of a school district to
 7 participate in a single appraisal district does not apply to
 8 property annexed to the school district under Section 19.028,
 9 Education Code, unless:

10 (1) the school district taxes property other than
 11 property annexed to the district under Section 19.028, Education
 12 Code, in the same county as the annexed property; or

13 (2) the annexed property is contiguous to property in
 14 the school district other than property annexed to the district
 15 under Section 19.028, Education Code. [A-county-education-district
 16 that-has-boundaries--extending--into--two--or--more--counties--must
 17 participate--in--each--appraisal--district--in--which--one--of--its
 18 component--school--districts-participates-for-purposes-of-appraisal
 19 of-the-component-school-district's-territory.]

20 (f) All costs of operating an appraisal district in
 21 territory outside the county for which the appraisal district is
 22 established are allocated to the taxing unit for which the
 23 appraisal district appraises property in [that-chooses-to-add] that
 24 territory [to-the-district]. If the appraisal district appraises
 25 property in the same territory for two or more taxing units [add

~~the-same-territory-to-an-appraisal-district~~], costs of operating the district in that territory are allocated to the units in the proportion the total dollar amount of taxes each unit imposes in that territory bears to the total dollar amount of taxes all taxing units participating in the appraisal district impose in that territory.

(g) If property is annexed to a school district under Section 19.028, Education Code, the appraisal district established for that county shall appraise the property for the school district, and the school district participates in that appraisal district for purposes of the appraisal of that property, except as otherwise permitted by Subsection (b).

SECTION 16. Section 6.03, Tax Code, is amended by amending Subsections (c) through (e) and adding Subsection (m) to read as follows:

(c) Members of the board of directors are appointed by vote of the governing bodies of the incorporated cities and towns, the school districts [~~other-than-the-county-education--district~~], and, if entitled to vote, the conservation and reclamation districts that participate in the district and of the county. A governing body may cast all its votes for one candidate or distribute them among candidates for any number of directorships. Conservation and reclamation districts are not entitled to vote unless at least one conservation and reclamation district in the district delivers to the chief appraiser a written request to nominate and vote on the

1 board of directors by June 1 of each odd-numbered year. On receipt
2 of a request, the chief appraiser shall certify a list by June 15
3 of all eligible conservation and reclamation districts that are
4 imposing taxes and that participate in the district.

5 (d) The voting entitlement of a taxing unit that is entitled
6 to vote for directors is determined by dividing the total dollar
7 amount of property taxes imposed in the district by the taxing unit
8 for the preceding tax year by the sum of the total dollar amount of
9 property taxes imposed in the district for that year by each taxing
10 unit that is entitled to vote, by multiplying the quotient by
11 1,000, and by rounding the product to the nearest whole number.
12 That number is multiplied by the number of directorships to be
13 filled. [~~For--a--school--district,--the--total--dollar--amount--of~~
14 ~~property--taxes--imposed--in--the--district--by--the--unit--is--considered--to~~
15 ~~be--the--sum--of--the--taxes--imposed--by--the--district--and--the--revenue~~
16 ~~received--by--the--district--from--the--county--education--district.~~] A
17 taxing unit participating in two or more districts is entitled to
18 vote in each district in which it participates, but only the taxes
19 imposed in a district are used to calculate voting entitlement in
20 that district.

21 (e) The chief appraiser shall calculate the number of votes
22 to which each taxing unit other than a conservation and reclamation
23 district is entitled and shall deliver written notice to each of
24 those units of its voting entitlement before October 1 of each
25 odd-numbered year. The chief appraiser shall deliver the notice:

1 (1) to the county judge and each commissioner of the
2 county served by the appraisal district;

3 (2) to the presiding officer of the governing body of
4 each city or town participating in the appraisal district, to the
5 city manager of each city or town having a city manager, and to the
6 city secretary or clerk, if there is one, of each city or town that
7 does not have a city manager; and

8 (3) to the presiding officer of the governing body of
9 each school district~~[7-other-than-the-county--education--district]~~
10 participating in the district and to the superintendent of those
11 school districts.

12 (m) If a school district participates in an appraisal
13 district in which the only property of the school district located
14 in the appraisal district is property annexed to the school
15 district under Section 19.028, Education Code, an individual who
16 does not meet the residency requirements of Subsection (a) is
17 eligible to be appointed to the board of directors of the appraisal
18 district if:

19 (1) the individual is a resident of the school
20 district; and

21 (2) the individual is nominated as a candidate for the
22 board of directors by the school district or, if the taxing units
23 have adopted a change in the method of appointing board members
24 that does not require a nomination, the school district appoints or
25 participates in the appointment of the individual.

SECTION 17. Subsections (d) and (h), Section 6.06, Tax Code, are amended to read as follows:

(d) Each taxing unit participating in the district~~[7-other than-a-county-education-district,~~] is allocated a portion of the amount of the budget equal to the proportion that the total dollar amount of property taxes imposed in the district by the unit for the tax year in which the budget proposal is prepared bears to the sum of the total dollar amount of property taxes imposed in the district by each participating unit for that year. ~~[For-a-school district,7-other-than-a-county-education-district,7-the-total--dollar amount--of--property--taxes--imposed-in-the-district-by-the-unit-is considered-to-be-the-sum-of-the-taxes-imposed-by-the--district--and the--revenue--received--by--the--district-from-the-county-education district.]~~ If a taxing unit participates in two or more districts, only the taxes imposed in a district are used to calculate the unit's cost allocations in that district. If the number of real property parcels in a taxing unit is less than 5 percent of the total number of real property parcels in the district and the taxing unit imposes in excess of 25 percent of the total amount of the property taxes imposed in the district by all of the participating taxing units for a year, the unit's allocation may not exceed a percentage of the appraisal district's budget equal to three times the unit's percentage of the total number of real property parcels appraised by the district.

(h) If a newly formed taxing unit or a taxing unit that did

1 not impose taxes in the preceding year[~~7--other-than-a-county~~
2 ~~education-district~~7] imposes taxes in any tax year, that unit is
3 allocated a portion of the amount budgeted to operate the district
4 as if it had imposed taxes in the preceding year, except that the
5 amount of taxes the unit imposes in the current year is used to
6 calculate its allocation. Before the amount of taxes to be imposed
7 for the current year is known, the allocation may be based on an
8 estimate to which the district board of directors and the governing
9 body of the unit agree, and the payments made after that amount is
10 known shall be adjusted to reflect the amount imposed. The
11 payments of a newly formed taxing unit that has no source of funds
12 are postponed until the unit has received adequate tax or other
13 revenues.

14 SECTION 18. Subsections (d), (e), (m), and (n), Section
15 11.13, Tax Code, are amended to read as follows:

16 (d) In addition to the exemptions provided by Subsections
17 (b) and (c) of this section, an individual who is disabled or is 65
18 or older is entitled to an exemption from taxation by a taxing unit
19 of a portion (the amount of which is fixed as provided by
20 Subsection (e) of this section) of the appraised value of his
21 residence homestead if the exemption is adopted either:

22 (1) by the governing body of the taxing unit [~~other~~
23 ~~than-a-county-education-district~~]; or

24 (2) by a favorable vote of a majority of the qualified
25 voters of the taxing unit at an election called by the governing

body of a taxing unit [~~other-than-a-county-education-district~~], and the governing body shall call the election on the petition of at least 20 percent of the number of qualified voters who voted in the preceding election of the taxing unit[~~7-or~~

~~[(3)--by--a--favorable--vote--of--a--majority--of---the qualified-voters-of-a-county-education-district-at-an-election-held under-Section-20-9507-Education-Code].~~

(e) The amount of an exemption adopted as provided by Subsection (d) of this section is \$3,000 of the appraised value of the residence homestead unless a larger amount is specified by:

(1) the governing body authorizing the exemption if the exemption is authorized as provided by Subdivision (1) of Subsection (d) of this section; or

(2) the petition for the election if the exemption is authorized as provided by Subdivision (2) of Subsection (d) of this section[~~7-or~~

~~[(3)--the-proposition--approved--at--an--election--held under-Section-20-9507-Education-Code].~~

(m) In this section:

(1) "Disabled" means under a disability for purposes of payment of disability insurance benefits under Federal Old-Age, Survivors, and Disability Insurance.

(2) "School district" means a political subdivision organized to provide general elementary and secondary public education. [~~"School-district"-includes-a-county-education-district~~

1 established-by-the-consolidation-of-the-local-school--districts--in
2 its--boundaries--for-the-limited-purpose-of-exercising-a-portion-of
3 the-taxing-power-previously--authorized--by--the--voters--in--those
4 school--districts-] "School district" does not include a junior
5 college district or a political subdivision organized to provide
6 special education services.

7 (n) In addition to any other exemptions provided by this
8 section, an individual is entitled to an exemption from taxation by
9 a taxing unit [other--than--a--county--education--district] of a
10 percentage of the appraised value of his residence homestead if the
11 exemption is adopted by the governing body of the taxing unit
12 before May 1 in the manner provided by law for official action by
13 the body. If the percentage set by the taxing unit produces an
14 exemption in a tax year of less than \$5,000 when applied to a
15 particular residence homestead, the individual is entitled to an
16 exemption of \$5,000 of the appraised value. The percentage adopted
17 by the taxing unit may not exceed 20 percent. [In-addition-to--any
18 other--exemptions--provided--by--this--section,--an--individual--is
19 entitled--to--an--exemption--from--taxation--by--a-county-education
20 district-of-a-percentage-of-the-appraised-value--of--his--residence
21 homestead-if-the-exemption-is-adopted-by-the-voters-of-the-district
22 at--an-election-held-in-the-district-for-that-purpose-under-Section
23 20-9467-Education-Code-] If the percentage set by the voters
24 produces an exemption in a tax year of less than \$5,000 when
25 applied to a particular residence homestead, the individual is

entitled to an exemption of \$5,000 of the appraised value. The percentage adopted by the voters may not exceed 20 percent.

SECTION 19. Subsections (c) and (e), Section 11.14, Tax Code, are amended to read as follows:

(c) The governing body of a taxing unit, [~~other-than-a county-education-district~~], by resolution or order, depending upon the method prescribed by law for official action by that governing body, may provide for taxation of tangible personal property exempted under Subsection (a). [~~The-voters-of-a-county-education district-by-an-election-held-under-Section-20.951,-Education-Code, may-provide-for-taxation-of--tangible--personal--property--exempted under--Subsection--(a)-.~~] If a taxing unit provides for taxation of tangible personal property as provided by this subsection, the exemption prescribed by Subsection (a) does not apply to that unit.

(e) A political subdivision [~~other-than-a-county-education district~~] choosing to tax property otherwise made exempt by this section, pursuant to Article VIII, Section 1(e), of the Texas Constitution, may not do so until the governing body of the political subdivision has held a public hearing on the matter, after having given notice of the hearing at the times and in the manner required by this subsection, and has found that the action will be in the public interest of all the residents of that political subdivision. At the hearing, all interested persons are entitled to speak and present evidence for or against taxing the property. Not later than the 30th day prior to the date of a

hearing held under this subsection, notice of the hearing must be:

(1) published in a newspaper having general circulation in the political subdivision and in a section of the newspaper other than the advertisement section;

(2) not less than one-half of one page in size; and

(3) republished on not less than three separate days during the period beginning with the 10th day prior to the hearing and ending with the actual date of the hearing.

SECTION 20. Section 21.01, Tax Code, is amended to read as follows:

Sec. 21.01. REAL PROPERTY. Real property is taxable by a taxing unit if located in the unit on January 1, except as provided by Section 19.028, Education Code.

SECTION 21. Section 21.02, Tax Code, is amended to read as follows:

Sec. 21.02. TANGIBLE PERSONAL PROPERTY GENERALLY.

(a) Except as provided by Subsection (b) and Sections 21.021, 21.04, and 21.05 [~~of--this--code~~], tangible personal property is taxable by a taxing unit if:

(1) it is located in the unit on January 1 for more than a temporary period;

(2) it normally is located in the unit, even though it is outside the unit on January 1, if it is outside the unit only temporarily;

(3) it normally is returned to the unit between uses

1 elsewhere and is not located in any one place for more than a
2 temporary period; or

3 (4) the owner resides (for property not used for
4 business purposes) or maintains his principal place of business in
5 this state (for property used for business purposes) in the unit
6 and the property is taxable in this state but does not have a
7 taxable situs pursuant to Subdivisions (1) through (3) of this
8 section.

9 (b) Personal property having taxable situs at the same
10 location as real property detached from a school district and
11 annexed to another school district under Section 19.028, Education
12 Code, is taxable in the tax year in which the detachment and
13 annexation is made by the same school district by which the real
14 property is taxable in that tax year under Section 19.028,
15 Education Code.

16 SECTION 22. Section 25.25, Tax Code, is amended by adding
17 Subsection (h) to read as follows:

18 (h) The chief appraiser shall change the appraisal records
19 and school district appraisal rolls promptly to reflect the
20 detachment and annexation of property among school districts under
21 Section 19.028, Education Code.

22 SECTION 23. Section 26.08, Tax Code, is amended by adding
23 Subsections (k), (l), and (m) to read as follows:

24 (k) Notwithstanding Subsection (a) of this section, the
25 voters of a school district may not petition for an election to

1 limit taxes under this section for the 1993 tax year unless the
2 governing body of the school district adopts a tax rate that
3 exceeds the sum of:

4 (1) the district's effective maintenance rate;

5 (2) the rate of \$0.08;

6 (3) the district's current debt rate; and

7 (4) the rate that, applied to the district's current
8 total value, would impose taxes in an amount equal to the amount of
9 central education district taxes received by the school district
10 for the 1992-1993 school year.

11 (1) For the 1993 tax year, the rollback tax rate of a school
12 district calculated under Subsection (e) of this section is
13 increased by the rate that, applied to the district's current total
14 value, would impose taxes in an amount equal to the amount of
15 central education district taxes received by the school district
16 for the 1992-1993 school year.

17 (m) This subsection and Subsections (k) and (l) of this
18 section expire January 1, 1995.

19 SECTION 24. Subsection (f), Section 317.005, Government
20 Code, is amended to read as follows:

21 (f) The governor or board may adopt an order under this
22 section withholding or transferring any portion of the total amount
23 appropriated to finance the foundation school program for a fiscal
24 year. The governor or board may not adopt such an order if it
25 would result in an allocation of money between particular programs

or statutory allotments under the foundation school program contrary to the statutory proration formula provided by Section 16.254(h) [~~16.254(d)~~], Education Code. The governor or board may transfer an amount to the total amount appropriated to finance the foundation school program for a fiscal year and may increase the basic allotment. The governor or board may adjust allocations of amounts between particular programs or statutory allotments under the foundation school program only for the purpose of conforming the allocations to actual pupil enrollments or attendance.

SECTION 25. Subchapter E, Chapter 825, Government Code, is amended by adding Section 825.4051 to read as follows:

Sec. 825.4051. CONTRIBUTIONS BY CERTAIN SCHOOL DISTRICTS.

(a) If a school district's taxable value of property determined as provided by Section 11.86, Education Code, is greater than \$280,000 per weighted student in average daily attendance, as determined by the commissioner of education, the school district shall pay the state contributions to the retirement system for each employee of the district who is a member of the retirement system under rules adopted by the comptroller.

(b) The state guarantees a district's full and timely payment of the district's obligation to the retirement system under this section and may take action to enforce that obligation.

(c) The amount a school district may be required to pay under this section is limited to the lesser of:

(1) the greatest amount that, if subtracted from the

amount of revenue generated by the district's current tax rate for maintenance and operation of the district, would provide the district with an amount of revenue equal to the amount that that tax rate would generate if applied to a taxable value of property of \$280,000 per weighted student in average daily attendance; or

(2) the amount that permits the district, by imposing an effective tax rate for maintenance and operation of the district of \$1.50 on the \$100 valuation of taxable property to the district's taxable value of property determined as provided by Section 11.86, Education Code, to have available the same amount of revenue per weighted student in average daily attendance for maintenance and operation of the district, excluding reserves for facilities and costs of contributions under this section, that the district spent in the 1992-1993 school year.

(d) A determination of the commissioner of education under this section is final and not appealable. The Administrative Procedure and Texas Register Act (Article 6252-13a, Vernon's Texas Civil Statutes) does not apply to a determination of the commissioner under this section.

(e) In this section, the number of weighted students in average daily attendance is calculated in the manner provided by Section 16.302, Education Code.

SECTION 26. The following provisions are repealed:

(1) Section 1.05 and Subchapter G, Chapter 20, Education Code; and

1 (2) Sections 6.061(f), 26.12(e), and 312.002(e) and
2 (f), Tax Code.

3 SECTION 27. Notwithstanding Subsection (c), Section 19.028,
4 Education Code, as added by this Act, in the case of detachment and
5 annexation of property for the 1993-1994 school year, the
6 commissioner of education shall make determinations and notify each
7 affected school district, property owner, and appraisal district
8 not later than July 15, 1993, or the day following the effective
9 date of this Act, whichever is later.

10 SECTION 28. It is the intent of the 73rd Legislature that,
11 in case of a conflict, the funding provisions for an optional
12 extended year program as provided by Section 21.562, Education
13 Code, as added by this Act, control over any other funding
14 provisions for the program enacted by the 73rd Legislature during
15 its regular session.

16 SECTION 29. Notwithstanding the requirement in Section
17 16.254, Education Code, as amended by this Act, requiring
18 determinations under that section to be based on estimates provided
19 under Section 16.2541, Education Code, as added by this Act, or on
20 different estimates provided by the General Appropriations Act, for
21 the biennium ending August 31, 1995, determinations required under
22 Section 16.254 shall be based on estimates provided by the
23 Legislative Budget Board model run, number ____.

24 SECTION 30. Effective September 1, 1993, each county
25 education district created under Section 2, Chapter 20, Acts of the

1 72nd Legislature, Regular Session, 1991, is abolished.

2 SECTION 31. (a) On August 31, 1993, each county education
3 district shall transfer its funds to its component school districts
4 in the manner provided by rule of the commissioner of education.

5 (b) On September 1, 1993, any assets of a county education
6 district other than funds are transferred to its component school
7 districts in the manner and amounts provided by rule of the
8 commissioner of education.

9 (c) On September 1, 1993, the contracts and other
10 liabilities of a county education district are transferred to its
11 component school districts in the manner and amounts, including
12 joint obligations, provided by rule of the commissioner of
13 education.

14 (d) The records of the board of a county education district
15 shall be maintained as provided by rule of the commissioner of
16 education.

17 (e) The component school districts of a county education
18 district abolished by this Act may collect and use or distribute
19 taxes imposed by the county education district that are delinquent
20 in the manner provided by rule of the commissioner of education.

21 SECTION 32. (a) This Act applies to taxes imposed on or
22 after January 1, 1993.

23 (b) Changes in the funding of special education under
24 Section 16.151, Education Code, as amended by this Act, apply
25 beginning with the 1994-1995 school year. Any other change in the

1 funding of public schools and changes in the compensation of school
2 district personnel made by this Act apply beginning with the
3 1993-1994 school year.

4 SECTION 33. Notwithstanding Subsection (c), Section 19.028,
5 Education Code, as added by this Act, property may be detached from
6 a school district under that section only to the extent that, in
7 accordance with a determination of the commissioner of education,
8 the total amount of taxes per weighted student in average daily
9 attendance that the district can impose for maintenance and
10 operation of the district at an effective tax rate of \$1.25 on the
11 \$100 valuation of taxable property applied to the taxable value of
12 property in the district after detachment is not less than the
13 amount of taxes per weighted student in average daily attendance
14 spent by the district in the 1992-1993 school year for maintenance
15 and operation, excluding reserves for facilities. This section
16 expires August 31, 1994.

17 SECTION 34. The importance of this legislation and the
18 crowded condition of the calendars in both houses create an
19 emergency and an imperative public necessity that the
20 constitutional rule requiring bills to be read on three several
21 days in each house be suspended, and this rule is hereby suspended,
22 and that this Act take effect and be in force from and after its
23 passage, and it is so enacted.

HOUSE COMMITTEE REPORT

1st Printing

92 MAY 18 PM 6:29

HOUSE OF REPRESENTATIVES

By Ratliff
(Linebarger)
Substitute the following for S.B. No. 7:

S.B. No. 7

By Stiles, et al.

C.S.S.B. No. 7

A BILL TO BE ENTITLED

AN ACT

relating to public school education and finance.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

ARTICLE 1

SECTION 1.01. Title 2, Education Code, is amended by adding Chapter 36 to read as follows:

CHAPTER 36. EQUALIZED WEALTH LEVEL

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 36.001. DEFINITIONS. In this chapter:

(1) "Equalized wealth level" means the wealth per student in average daily attendance provided by Section 36.002.

(2) "Wealth per student" means the taxable value of property, as determined under Section 11.86, per student in weighted average daily attendance.

(3) "Weighted average daily attendance" has the meaning assigned by Section 16.302.

Sec. 36.002. EQUALIZED WEALTH LEVEL. A school district may not have a wealth per student that exceeds \$280,000.

Sec. 36.003. OPTIONS TO ACHIEVE EQUALIZED WEALTH LEVEL. A district with a wealth per student that exceeds the equalized wealth level may take any combination of the following actions to achieve the equalized wealth level:

(1) consolidation with another district as provided by Subchapter B;

- 1 (2) detachment of territory as provided by Subchapter
2 C;
3 (3) purchase of average daily attendance credit as
4 provided by Subchapter D;
5 (4) contracting for the education of nonresident
6 students as provided by Subchapter E; or
7 (5) tax base consolidation with another district as
8 provided by Subchapter F.

9 Sec. 36.004. ANNUAL REVIEW OF PROPERTY WEALTH. (a) Not
10 later than August 1 of each year, the commissioner of education
11 shall review the wealth per student of school districts in the
12 state and shall notify each district with wealth per student
13 exceeding the equalized wealth level. If, before the following
14 November 1, the district has not successfully exercised an option
15 under Section 36.003 that reduces the district's wealth per student
16 to a level equal to or less than the equalized wealth level, the
17 commissioner shall order the consolidation of the district with one
18 or more other districts as provided by Subchapter G.

19 (b) A school district with a wealth per student that exceeds
20 the equalized wealth level may not levy or assess ad valorem taxes
21 for the maintenance and operation of the public schools of the
22 district for any year after the tax year in which the commissioner
23 of education determines that the district exceeds the equalized
24 wealth level. A district notified under Subsection (a) may not
25 adopt a tax rate for the tax year in which the district receives
26 the notice until the commissioner of education certifies that the
27 district has achieved the equalized wealth level.

1 (c) A consolidation or detachment and annexation under this
2 chapter:

3 (1) is effective for foundation school program funding
4 purposes for the school year that begins in the calendar year in
5 which the consolidation or detachment and annexation is agreed to
6 or ordered; and

7 (2) applies to the ad valorem taxation of property
8 beginning with the tax year in which the agreement or order is
9 effective.

10 Sec. 36.005. COMPTROLLER AND APPRAISAL DISTRICT COOPERATION.
11 The chief appraiser of each appraisal district and the comptroller
12 shall cooperate with the commissioner and school districts in
13 implementing this chapter.

14 Sec. 36.006. RULES. (a) The commissioner of education may
15 adopt rules necessary for the implementation of this chapter.

16 (b) As necessary for the effective and efficient
17 administration of this chapter, the commissioner of education may
18 extend effective dates and time periods for actions described by
19 this chapter.

20 Sec. 36.007. COMMISSIONER TO APPROVE SUBSEQUENT BOUNDARY
21 CHANGES. A school district that is involved in an action under
22 this chapter that results in boundary changes to the district or in
23 the consolidation of tax bases is not subject to consolidation,
24 detachment, or annexation under Chapter 19 unless the commissioner
25 of education certifies that the change will not result in a
26 district with a wealth per student that exceeds the equalized
27 wealth level.

1 Sec. 36.008. TAX ABATEMENTS UNAFFECTED. A tax abatement
2 agreement executed by a school district that is involved in
3 consolidation or in detachment and annexation of territory under
4 this chapter is not affected and applies to the taxation of the
5 property covered by the agreement as if executed by the district
6 within which the property is included.

7 Sec. 36.009. CONTINGENCY. (a) If any of the options
8 described by Section 36.003 are held invalid by a final decision of
9 a court of competent jurisdiction, a school district is entitled to
10 exercise any of the remaining valid options in accordance with a
11 schedule approved by the commissioner of education.

12 (b) If a court of competent jurisdiction holds invalid each
13 of the options provided by Section 36.003, the commissioner shall
14 act under Subchapter G to achieve the equalized wealth level.

15 SUBCHAPTER B. CONSOLIDATION BY AGREEMENT

16 Sec. 36.031. AGREEMENT. The governing boards of any two or
17 more school districts may consolidate the districts by agreement in
18 accordance with this subchapter to establish a consolidated
19 district with a wealth per student equal to or less than the
20 equalized wealth level. The agreement is not effective unless the
21 commissioner of education certifies that the consolidated district
22 will have a wealth per student equal to or less than the equalized
23 wealth level.

24 Sec. 36.032. GOVERNING LAW. Except to the extent modified
25 by the terms of the agreement, the consolidated district is
26 governed by the applicable provisions of Subchapter C, Chapter 19.
27 The agreement may not be inconsistent with the requirements of this

1 subchapter.

2 Sec. 36.033. GOVERNANCE PLAN. (a) The agreement among the
3 consolidating districts may include a governance plan designed to
4 preserve community-based and site-based decision making within the
5 consolidated district, including the delegation of specific powers
6 of the governing board of the district other than the power to levy
7 taxes.

8 (b) The governance plan may provide for a transitional board
9 of trustees during the first year after consolidation, but
10 beginning with the next year the board of trustees must be elected
11 from within the boundaries of the consolidated district from
12 single-member districts drawn in accordance with the procedures
13 provided by Section 23.024.

14 Sec. 36.034. EFFECTIVE DATE. A consolidation under this
15 subchapter is effective on the date provided by the agreement, but
16 not later than the September 1 immediately following execution of
17 the agreement.

18 Sec. 36.035. INCENTIVE AID. For the first and second school
19 years after creation of a consolidated district under this
20 subchapter, the district is entitled to receive the total state
21 funding under Chapter 16 to which the consolidating districts
22 would have been entitled but for the consolidation.

23 SUBCHAPTER C. DETACHMENT AND ANNEXATION BY AGREEMENT

24 Sec. 36.061. AGREEMENT. By agreement of the governing
25 boards of any two school districts, territory may be detached from
26 one of the districts and attached to the other district if, after
27 the action, the wealth per student of each district is equal to or

1 less than the equalized wealth level. The agreement is not
2 effective unless the commissioner of education certifies that,
3 after the action, the wealth per student of each district involved
4 will be equal to or less than the equalized wealth level.

5 Sec. 36.062. GOVERNING LAW. Except to the extent of any
6 conflict with this chapter, the annexation and detachment is
7 governed by Chapter 19.

8 Sec. 36.063. ALLOCATION OF APPRAISED VALUE OF DIVIDED UNIT.
9 If portions of a parcel or other item of property are located in
10 different school districts as a result of a detachment and
11 annexation under this subchapter, the parcel or other item of
12 property shall be appraised for taxation as a unit, and the
13 agreement shall allocate the taxable value of the property between
14 the districts.

15 Sec. 36.064. ALLOCATION OF INDEBTEDNESS. The consolidation
16 agreement may allocate to the receiving district any portion of the
17 indebtedness of the district from which the territory is detached,
18 and the receiving district assumes and is liable for the allocated
19 indebtedness.

20 Sec. 36.065. EFFECTIVE DATE. A detachment and annexation
21 under this subchapter is effective on the date provided by the
22 agreement, but not later than the September 1 immediately following
23 execution of the agreement.

24 Sec. 36.066. NOTICE. As soon as practicable after the
25 agreement is executed, the districts involved shall notify each
26 affected property owner and the appraisal district in which the
27 affected property is located.

1 SUBCHAPTER D. PURCHASE OF ATTENDANCE CREDIT

2 Sec. 36.091. AGREEMENT. A school district with a wealth per
3 student that exceeds the equalized wealth level may execute an
4 agreement with the commissioner of education to purchase attendance
5 credits in an amount sufficient to reduce the district's wealth per
6 student to an amount that is equal to or less than the equalized
7 wealth level.

8 Sec. 36.092. CREDIT. (a) For each credit purchased, the
9 weighted average daily attendance of the purchasing school district
10 is increased by one student in weighted average daily attendance
11 for purposes of determining whether the district exceeds the
12 equalized wealth level.

13 (b) A credit is not used in determining a school district's
14 scholastic population for purposes of Section 15.01.

15 Sec. 36.093. COST. The cost of each credit is an amount
16 determined by the commissioner of education to be equal to the
17 statewide average of combined state and local revenue per weighted
18 student in average daily attendance for the preceding school year.

19 Sec. 36.094. PAYMENT. (a) A school district shall pay for
20 credits purchased in accordance with a schedule adopted by the
21 commissioner of education, with all payments being made not later
22 than February 1 of the school year for which the agreement is in
23 effect.

24 (b) Receipts shall be deposited in the state treasury to the
25 credit of the foundation school fund.

26 Sec. 36.095. DURATION. An agreement under this section is
27 valid for one school year and, subject to Section 36.096, may be

1 renewed annually.

2 Sec. 36.096. VOTER APPROVAL. (a) After first executing an
3 agreement under this section, the board of trustees shall order and
4 conduct an election, in the manner provided by Section 19.003, to
5 obtain voter approval of the agreement.

6 (b) The ballot shall be printed to provide for voting for or
7 against the proposition: "Authorizing the board of trustees of
8 _____ School District to purchase attendance credits from the
9 state with local tax revenues."

10 (c) The proposition is approved if the proposition receives
11 a favorable vote of a majority of the votes cast. If the
12 proposition is approved, the agreement executed by the board is
13 ratified, and the board has continuing authority to execute
14 agreements under this subchapter on behalf of the district without
15 further voter approval.

16 SUBCHAPTER E. CONTRACT FOR EDUCATION OF NONRESIDENT STUDENTS

17 Sec. 36.121. AGREEMENT. The board of trustees of a district
18 with a wealth per student that exceeds the equalized wealth level
19 may execute an agreement to educate the students of another
20 district in a number that, when the weighted average daily
21 attendance of the students served is added to the weighted average
22 daily attendance of the contracting district, is sufficient to
23 reduce the district's wealth per student to an amount that is equal
24 to or less than the equalized wealth level. The agreement is not
25 effective unless the commissioner of education certifies that the
26 added weighted average daily attendance will result in the
27 contracting district's wealth per student being equal to or less

1 than the equalized wealth level.

2 Sec. 36.122. VOTER APPROVAL. (a) After first executing an
3 agreement under this section, the board of trustees shall order and
4 conduct an election, in the manner provided by Section 19.003, to
5 obtain voter approval of the agreement.

6 (b) The ballot shall be printed to provide for voting for or
7 against the proposition: "Authorizing the board of trustees of
8 _____ School District to educate students of _____ School
9 District with local tax revenues."

10 (c) The proposition is approved if the proposition receives
11 a favorable vote of a majority of the votes cast. If the
12 proposition is approved, the agreement executed by the board is
13 ratified, and the board has continuing authority to execute
14 agreements under this subchapter on behalf of the district without
15 further voter approval.

16 Sec. 36.123. WADA COUNT. For purposes of Chapter 16,
17 students served under an agreement under this subchapter are
18 counted only in the weighted average daily attendance of the
19 district providing the services.

20 SUBCHAPTER F. TAX BASE CONSOLIDATION

21 Sec. 36.151. AGREEMENT. The board of trustees of two or
22 more school districts may execute an agreement to conduct an
23 election on the creation of a consolidated taxing district for the
24 maintenance and operation of the component school districts. The
25 agreement is subject to approval by the commissioner of education.
26 The agreement is not effective unless the commissioner of education
27 certifies that the consolidated taxing district will have a wealth

1 per student equal to or less than the equalized wealth level.

2 Sec. 36.152. DATE OF ELECTION. (a) The agreement must
3 provide for the ordering of an election to be held on the same date
4 in each district. The date of the election shall be a Tuesday or
5 Saturday not more than 45 days after the date of the agreement.

6 (b) Section 41.001, Election Code, does not apply to the
7 election.

8 Sec. 36.153. PROPOSITION. (a) The ballot shall be printed
9 to provide for voting for or against the proposition: "Creation of
10 a consolidated taxing district composed of the territory of
11 _____ school districts, and authorizing the
12 levy, assessment, and collection of annual ad valorem taxes for the
13 maintenance of the public free schools within that taxing district
14 at the rate of \$_____ on the \$100 valuation of taxable
15 property."

16 (b) The rate to be included in the proposition shall be
17 provided by the agreement among the districts but may not exceed
18 the maximum rate provided by law for independent school districts.

19 Sec. 36.154. APPROVAL. The proposition is approved only if
20 the proposition receives a favorable vote of the majority of the
21 votes cast within each participating school district.

22 Sec. 36.155. CONSOLIDATED TAXING DISTRICT. A consolidated
23 taxing district is a school district established for the limited
24 purpose of exercising the taxing power authorized by Article VII,
25 Section 3, of the Texas Constitution and distributing the revenue
26 to its component school districts.

27 Sec. 36.156. GOVERNANCE. (a) The consolidated taxing

1 district is governed by the boards of the component school
2 districts meeting jointly.

3 (b) Any action taken by the joint board must receive a
4 favorable vote of a majority of a quorum of each component
5 district's board of trustees.

6 (c) A quorum of the joint board is a quorum of the board of
7 trustees of each component district.

8 (d) The joint board shall adopt a governance plan setting
9 forth the procedures of the board and providing for necessary
10 governance of the consolidated taxing district.

11 Sec. 36.157. MAINTENANCE TAX. (a) The joint board shall
12 levy a maintenance tax for the benefit of the component school
13 districts not later than September 1 of each year or as soon
14 thereafter as practicable.

15 (b) Each component district shall bear a share of the costs
16 of assessing and collecting taxes in proportion to the component
17 district's share of weighted average daily attendance in the
18 consolidated taxing district.

19 (c) A component district may not levy an ad valorem tax for
20 the maintenance and operation of the schools.

21 Sec. 36.158. REVENUE DISTRIBUTION. The consolidated taxing
22 district shall distribute tax revenue to the component districts on
23 the basis of the number of weighted students in average daily
24 attendance in the component districts.

25 Sec. 36.159. TAXES OF COMPONENT DISTRICTS. (a) The
26 governing board of a component school district of a consolidated
27 taxing district may issue bonds and levy, pledge, and collect ad

valorem taxes sufficient to pay the principal of and interest on those bonds as provided by Chapter 20.

(b) A component district levying an ad valorem tax under this section is entitled to the guaranteed yield provided by Subchapter H, Chapter 16, for that portion of its tax rate that, when added to the maintenance tax levied by the consolidated taxing unit, does not exceed the limitation provided by Section 16.303.

Sec. 36.160. OPTIONAL TOTAL TAX BASE CONSOLIDATION. (a) An agreement executed under Section 36.151 may provide for total tax base consolidation instead of consolidation for maintenance and operation purposes only.

(b) Under an agreement providing for total tax base consolidation:

(1) the component districts may not levy maintenance or bond taxes, except to the extent necessary to retire bonds and other obligations issued before the effective date of the consolidation; and

(2) the joint board may issue bonds and levy, pledge, and collect ad valorem taxes sufficient to pay the principal of and interest on those bonds, and issue refunding bonds, as provided by Chapter 20 for independent school districts.

(c) An agreement providing for total tax base consolidation may provide for the consolidated taxing district to assume all or part of the indebtedness of all component districts.

SUBCHAPTER G. CONSOLIDATION BY COMMISSIONER OF EDUCATION

Sec. 36.181. COMMISSIONER ORDER. If the commissioner of education is required under Section 36.004 to order the

consolidation of districts, the consolidation is governed by this subchapter. The commissioner's order shall be effective on a date determined by the commissioner, but not later than the earliest practicable date after November 1.

Sec. 36.182. SELECTION CRITERIA. In selecting the districts to be consolidated with a district that has a property wealth greater than the equalized wealth level, the commissioner shall select one or more districts with a wealth per student that, when consolidated, will result in a consolidated district with a wealth per student equal to or less than the equalized wealth level. In achieving that result, the commissioner shall give priority to school districts in the following order:

(1) first, a contiguous district;

(2) second, the nearest district located in the same county;

(3) third, another district located in the same county;

(4) fourth, a district that will result in a consolidated district in which the tax burden on property is similar to the existing tax burden in the respective districts; and

(5) fifth, to the nearest district in proximity.

Sec. 36.183. PROCEDURE. A decision of the commissioner under this subchapter is final and not appealable. The Administrative Procedure and Texas Register Act (Article 6252-13a, Vernon's Texas Civil Statutes) does not apply to a decision of the commissioner under this subchapter.

Sec. 36.184. GOVERNANCE. Sections 19.057 and 19.058 apply

1 to districts consolidated under this subchapter.

2 SECTION 1.02. (a) Notwithstanding any provision of Chapter
3 36, Education Code, as added by this article, this section applies
4 to actions in 1993 to achieve the equalized wealth level.

5 (b) The commissioner shall make the determinations of wealth
6 per student not later than August 30, 1993. The commissioner may
7 use wealth and weighted student data from the current year or the
8 preceding school year for purposes of those determinations. The
9 commissioner shall immediately notify each district that exceeds
10 the equalized wealth level and each district with which the
11 commissioner intends to consolidate that district under Subchapter
12 G, Chapter 36, Education Code, as added by this Act.

13 (c) An agreement among districts under Section 36.003,
14 Education Code, as added by this Act must be executed not later
15 than September 1, 1993.

16 ARTICLE 2

17 SECTION 2.01. Chapter 16, Education Code, is reenacted and
18 amended to read as follows:

19 CHAPTER 16. FOUNDATION SCHOOL PROGRAM

20 SUBCHAPTER A. GENERAL PROVISIONS

21 Sec. 16.001. STATE POLICY. (a) It is the policy of the
22 State of Texas that the provision of public education is a state
23 responsibility and that a thorough and efficient system be provided
24 and substantially financed through state revenue sources so that
25 each student enrolled in the public school system shall have access
26 to programs and services that are appropriate to his or her
27 educational needs and that are substantially equal to those

1 available to any similar student, notwithstanding varying local
2 economic factors.

3 (b) The public school finance system of the State of Texas
4 shall adhere to a standard of neutrality which provides for
5 substantially equal access to similar revenue per student at
6 similar tax effort, considering all state and local tax revenues of
7 districts after acknowledging all legitimate student and district
8 cost differences.

9 Sec. 16.002. PURPOSE OF FOUNDATION SCHOOL PROGRAM. (a) The
10 purposes of the Foundation School Program set forth in this chapter
11 are to guarantee that each school district in the state has:

12 (1) adequate resources to provide each eligible
13 student a basic instructional program and facilities suitable to
14 the student's educational needs; and

15 (2) access to a substantially equalized program of
16 financing in excess of basic costs for certain services, as
17 provided by this chapter.

18 (b) The Foundation School Program consists of two tiers to
19 provide for the purposes specified by Subsection (a) of this
20 section. The first tier guarantees sufficient financing for all
21 school districts to provide a basic program of education that meets
22 accreditation and other legal standards. The second tier provides
23 a guaranteed yield system of financing to provide all school
24 districts with substantially equal access to funds to provide an
25 enriched program and additional funds for facilities.

26 Sec. 16.003. STUDENT ELIGIBILITY. (a) A student is
27 entitled to the benefits of the Foundation School Program if he is

1 5 years of age or older and under 21 years of age at the beginning
2 of the scholastic year and has not graduated from high school.

3 (b) A student to whom Subsection (a) of this section does
4 not apply is entitled to the benefits of the Foundation School
5 Program if the student is enrolled in a prekindergarten class under
6 Section 21.136 of this code.

7 (c) The commissioner of education, in consultation with the
8 Commissioner of Human Services, shall monitor and evaluate
9 prekindergarten programs in the State of Texas as to their
10 developmental appropriateness. Furthermore, the commissioner of
11 education, in consultation with the Commissioner of Human Services,
12 shall evaluate the potential for coordination on a statewide basis
13 of prekindergarten programs with government-funded early childhood
14 care and education programs such as child care administered under
15 Chapter 44 of the Human Resources Code and federal Head Start
16 programs. This evaluation shall utilize recommendations contained
17 in the report to the 71st Legislature required by Chapter 717, Acts
18 of the 70th Legislature, Regular Session, 1987. For the purpose of
19 providing cost-effective care for children during the full work day
20 with developmentally appropriate curriculum, the commissioners
21 shall investigate the use of existing child care program sites as
22 prekindergarten sites. Following the evaluation required by this
23 section, the commissioners, in cooperation with school districts
24 and other program administrators, shall integrate programs, staff,
25 and program sites for prekindergarten, child care, and federal Head
26 Start programs to the greatest extent possible.

27 (d) A child may be enrolled in the first grade if he is at

1 least six years of age at the beginning of the scholastic year or
2 has been enrolled in the first grade or has completed kindergarten
3 in the public schools in another state prior to transferring to a
4 Texas public school.

5 Sec. 16.005. ADMINISTRATION OF THE PROGRAM. The
6 commissioner of education, in accordance with the rules of the
7 State Board of Education, shall take such action and require such
8 reports consistent with the terms of this chapter as may be
9 necessary to implement and administer the Foundation School
10 Program.

11 Sec. 16.006. AVERAGE DAILY ATTENDANCE. (a) In this
12 chapter, average daily attendance is determined by the daily
13 attendance as averaged each month of the minimum school year as
14 described under Section 16.052(a) of this code.

15 (b) A school district that experiences a decline of two
16 percent or more in average daily attendance as a result of the
17 closing or reduction in personnel of a military base shall be
18 funded on the basis of the actual average daily attendance of the
19 immediately preceding school year.

20 (c) The commissioner of education shall adjust the average
21 daily attendance of school districts that have a significant
22 percentage of students whose parent or guardian is a migrant
23 worker. For the purposes of this subsection, "migrant worker" has
24 the meaning assigned by Section 21.5515 of this code.

25 (d) The commissioner may adjust the average daily attendance
26 of a school district in which a disaster, flood, extreme weather
27 condition, fuel curtailment, or other calamity has a significant

1 effect on the district's attendance.

2 Sec. 16.007. PUBLIC EDUCATION INFORMATION MANAGEMENT SYSTEM
3 (PEIMS). (a) Each school district [~~and--each--county--education~~
4 ~~district~~] shall participate in the Public Education Information
5 Management System (PEIMS) and shall provide through that system
6 information required for the administration of this chapter and of
7 other appropriate provisions of this code.

8 (b) Each school district shall use a uniform accounting
9 system adopted by the commissioner of education for the data
10 required to be reported for the Public Education Information
11 Management System.

12 [~~(c)--The--Central--Education-Agency--shall--report--annually--to~~
13 ~~the--Legislative-Education-Board--the--financial--status--of--each--county~~
14 ~~education--district.--The--report--shall--include--the--total--state--and~~
15 ~~local--education--revenues--for--each--tier--of--the--Foundation-School~~
16 ~~Program.]~~

17 Sec. 16.008. EQUALIZED FUNDING ELEMENTS. (a) The
18 Legislative Education Board shall adopt rules, subject to
19 appropriate notice and opportunity for public comment, for the
20 calculation for each year of a biennium of the qualified funding
21 elements under Section 16.256(e) of this code necessary to achieve
22 the state policy under Section 16.001 of this code not later than
23 the 1994-1995 school year and for each school year thereafter.

24 (b) Not [~~Beginning--in--1992,--not~~] later than October 1
25 preceding each regular session of the legislature, the board shall
26 report the equalized funding elements to the foundation school fund
27 budget committee, the commissioner of education, and the

legislature.

[Sec.-16.009.--REVENUE--LIMIT.---(a)--The-revenue-limit-is-an amount-equal-to-110-percent-of-the-amount-of-state-and-local--funds guaranteed--under--the--Foundation--School--Program--per-student-in weighted-average-daily-attendance-to--each--school--district--at--a total--tax--rate--of--\$0.25-per-\$100-of-taxable-value-of-property-as calculated-for-the-1994-1995-school-year-

((b))--Not-later-than-April-15,-the-commissioner-of--education shall--estimate--the-revenue-limit-for-each-school-district-for-the current-school-year-and-shall-certify-that-amount--to--each--school district-

((c))--Not--later-than-August-15-of-each-year-the-commissioner of-education-shall-determine-as-nearly-as-possible-for-the--current school-year-

((1))--the--total--amount--of--state-and-local-funds-per student-in-weighted-average--daily--attendance--available--in--each school-district;-and

((2))--the--total--amount--of--state-and-local-funds-per student-in-weighted-average--daily--attendance--required--for--debt service-in-each-school-district-

((d))--The--commissioner--shall--determine-the-total-number-of students-in-weighted-average-daily-attendance-in--school--districts in-which-the-amount-specified-in-Subsection-(c)(1)-of-this-section, less--the--amount--specified--in-Subsection-(c)(2)-of-this-section, exceeds-the-revenue-limit-

((e))--If-the-total-number-of--students--in--weighted--average daily--attendance--in--districts--with--state--and--local--revenues

1 exceeding--the--revenue--limit--equals--or--exceeds--two--percent--of--the
 2 total--number--of--students--in--weighted--average--daily--attendance--for
 3 the--current--school--year,--no--school--district--may--levy--a--tax--at--a
 4 rate--that--would--result--in--an--amount--of--state--and--local--funds,
 5 excluding--funds--required--for--debt--service,--during--the--next--school
 6 year--that--exceeds--the--revenue--limit,--except--that--those--districts
 7 exceeding--the--revenue--limit--may--maintain--during--the--next--school
 8 year--the--total--amount--of--state--and--local--funds--per--student--in
 9 weighted--average--daily--attendance--for--the--current--school--year.--The
 10 commissioner--shall--notify--those--districts--in--which--revenues--are
 11 subject--to--the--limitation--imposed--in--this--subsection.

12 [(f) --In this section:

13 [(1) --"Weighted student in average daily attendance"
 14 has the meaning assigned in Section 16.302 of this code.

15 [(2) --"Taxable value of property"--has the meaning
 16 assigned in Section 11.86 of this code.

17 [Sec. 16.010. --DEFINITION. -----In this chapter, "school
 18 district" does not include a county education district unless
 19 expressly included.

20 [Sec. 16.011. --NOTICE OF YIELDS TO BE PUBLISHED. --(a) --Not
 21 earlier than the 30th day or later than the seventh day before the
 22 date of adopting a tax rate for the years 1991, 1992, 1993, and
 23 1994, a school district shall publish the following notice, using
 24 the yields and tax rates certified by the commissioner:

25 ["NOTICE OF COMPARABLE TAX RATES AND REVENUES

26 ["The legislature has enacted a statute on school funding to
 27 comply with a court mandate enforcing the state constitution.

Under prior statutes, the tax rate for last year provides ----- per student in state and local revenues. Under this statute, that same rate now provides ----- per student in state and local revenues.

["State law only requires a minimum tax rate of ----- for county education districts. State law does not require a school district to adopt additional taxes. Neither does state law require a school district to adopt a tax rate that maximizes the receipt of state funds.

["The board of trustees of the ----- School District hereby gives notice that it is considering the adoption of a tax rate of ----- that will provide ----- per student in state and local revenues."

[(b) If a district is required to give public notice of a hearing under Section 26.067, Tax Code, the notice described by Subsection (a) of this section may be included in the required notice under Section 26.067, Tax Code.

[(c) The notice described by Subsection (a) of this section shall be published in the two newspapers with the largest circulation within the school district unless only one newspaper is in general circulation within the district. The notice may not be smaller than one quarter page of a standard size or a tabloid size newspaper, and the headline must be 18 point or larger type.

[(d) The notice described by Subsection (a) of this section must also be included in the tax bill or a separate statement accompanying the tax bill.

[(e) The commissioner shall adopt rules to implement this section.

1 first preparation day provided each school year under Subsection
2 (a) of this section for faculty staff meetings.

3 Sec. 16.053. ACCREDITATION. Each school district must be
4 accredited by the Central Education Agency.

5 Sec. 16.054. STUDENT/TEACHER RATIOS; CLASS SIZE.

6 (a) Except as provided by Subsection (b) of this section, each
7 school district must employ a sufficient number of certified
8 teachers to maintain an average ratio of not less than one teacher
9 for each 20 students in average daily attendance.

10 (b) A school district may not enroll more than 22 students
11 in a kindergarten, first, second, third, or fourth grade class.
12 This requirement shall not apply during the last 12 weeks of any
13 school year.

14 (c) In determining the number of students to enroll in any
15 class, a district shall consider the subject to be taught, the
16 teaching methodology to be used, and any need for individual
17 instruction.

18 (d) On application of a school district, the commissioner
19 may except the district from the limits in Subsection (b) of this
20 section if the commissioner finds the limits work an undue hardship
21 on the district. An exception expires at the end of the semester
22 for which it is granted, and the commissioner may not grant an
23 exception for more than one semester at a time.

24 (e) The commissioner shall report to the legislature each
25 biennium regarding compliance with this section. The report must
26 include:

27 (1) a statement of the number of school districts

1 granted an exception under Subsection (d) of this section; and

2 (2) an estimate of the total cost incurred by school
3 districts in that biennium in complying with this section.

4 Sec. 16.055. COMPENSATION OF PROFESSIONAL AND
5 PARAPROFESSIONAL PERSONNEL. (a) A school district must pay each
6 employee who is qualified for and employed in a position classified
7 under the Texas Public Education Compensation Plan set forth in
8 Section 16.056 of this chapter not less than the minimum monthly
9 base salary, plus increments for teaching experience, specified for
10 the position.

11 (b) Contracts for personnel shall be made on the basis of a
12 minimum of 10 months' service, which must include the number of
13 days of instruction for students and days of preparation for
14 personnel required by Section 16.052 of this code. The days of
15 preparation required herein shall be conducted by local boards of
16 education under rules and regulations established by the State
17 Board of Education that are consistent with the state accreditation
18 standards for program planning, preparation, and improvement.
19 Personnel employed for more than 10 months shall be paid not less
20 than the minimum monthly base pay plus increments for experience
21 for each month of actual employment. Personnel employed for 11
22 months at pay grades 1-11 must render 202 days of service, and
23 personnel employed for 12 months at pay grades 1-11 must render 220
24 days of service. Personnel employed for 11 months at pay grades
25 12-18 must render 207 days of service, and personnel employed for
26 12 months at pay grades 12-18 must render 226 days of service.
27 However, the number of days of service required by this subsection

may be reduced by the commissioner under Section 16.052(c) of this code, and the reduction shall not reduce the total salaries of personnel.

(c) Notwithstanding Subsection (b) of this section, a vocational agriculture teacher employed for 12 months shall render 226 days of service regardless of pay grade.

Sec. 16.056. TEXAS PUBLIC EDUCATION COMPENSATION PLAN.

(a) School district personnel who are qualified for and employed in positions described in Subsection (d) of this section shall be paid not less than the monthly base salary, plus increments for teaching experience, set forth in Subsection (c) of this section, or greater amounts provided by appropriation.

(b) Each individual shall advance one step per each year of experience until step 10 is reached. For each year, up to a maximum of two years, of work experience required for certification in a vocational field, a vocational teacher who is certified in that field is entitled to salary step credit as if the work experience were teaching experience.

(c) SALARY SCHEDULE BY STEPS

| | | | | | | | | | | |
|------|------|------|------|------|------|------|------|------|------|------|
| 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 1700 | 1814 | 1928 | 2042 | 2156 | 2270 | 2384 | 2498 | 2612 | 2726 | 2840 |

(d) The following positions are entitled to the minimum monthly salary set by Subsection (c) of this section for the number of annual contract months specified:

| No. | Months Paid |
|-----|-------------|
| 10 | |
| 10 | |

| Class Title |
|---------------------------|
| Nurse, R.N. and/or |
| Bachelor's Degree |
| Special Education Related |
| Service Personnel (other |

| | | |
|----|----|----------------------------|
| 1 | | than Occupational or |
| 2 | | Physical Therapist), |
| 3 | | Bachelor's Degree |
| 4 | 10 | Teacher, Bachelor's Degree |
| 5 | 10 | Vocational Teacher, |
| 6 | 11 | Bachelor's Degree and/or |
| 7 | 12 | Certified in Field |
| 8 | 10 | Librarian I, Bachelor's |
| 9 | | Degree |
| 10 | 10 | Visiting Teacher I, |
| 11 | | Psychological Associate, |
| 12 | | Bachelor's Degree |
| 13 | 10 | Special Education Related |
| 14 | | Service Personnel (other |
| 15 | | than Occupational or |
| 16 | | Physical Therapist), |
| 17 | | Master's Degree |
| 18 | 10 | Teacher, Master's Degree |
| 19 | 10 | Vocational Teacher, |
| 20 | 11 | Master's Degree |
| 21 | 12 | |
| 22 | 10 | Librarian II, Master's |
| 23 | | Degree |
| 24 | 10 | Physician, M.D. |
| 25 | 10 | Teacher, Bachelor of Laws |
| 26 | | or Doctor of Jurispru- |
| 27 | | dence Degree |
| 28 | 10 | Teacher, Doctor's Degree |
| 29 | 10 | Special Duty Teacher, |
| 30 | | Master's Degree |
| 31 | 10 | Occupational Therapist |
| 32 | 10 | Physical Therapist |
| 33 | 10 | Educational Diagnostician |
| 34 | 10 | Visiting Teacher II, |
| 35 | | Master's Degree |
| 36 | 10 | Counselor I, Psychologist |
| 37 | 10 | School Social Worker |
| 38 | 10 | Supervisor I |
| 39 | 10 | Part-time Principal--11 or |
| 40 | | fewer teachers on campus |
| 41 | 10 | Instructional/Administra- |
| 42 | | tive Officer I |
| 43 | 10 | Assistant Principal--20 or |
| 44 | | more teachers on campus |
| 45 | 10 | Instructional/Administra- |
| 46 | | tive Officer II |
| 47 | 11 | Principal--19 or fewer |
| 48 | | teachers on campus |
| 49 | 10 | Instructional/Administra- |
| 50 | | tive Officer III |
| 51 | 11 | Principal--20-49 teachers |
| 52 | | on campus |
| 53 | 11 | Instructional/Administra- |
| 54 | | tive Officer IV |

| | | |
|----|----|---------------------------|
| 1 | 11 | Principal--50-99 teachers |
| 2 | | on campus |
| 3 | 12 | Principal--100 or more |
| 4 | | teachers on campus |
| 5 | 12 | Instructional/Administra- |
| 6 | | tive Officer V |
| 7 | 12 | Instructional/Administra- |
| 8 | | tive Officer VI |
| 9 | 12 | Superintendent--District |
| 10 | | with 3,000 |
| 11 | | or less ADA |
| 12 | 12 | Instructional/Administra- |
| 13 | | tive Officer VII |
| 14 | 12 | Superintendent--District |
| 15 | | with 3,001-12,500 ADA |
| 16 | 12 | Instructional/Administra- |
| 17 | | tive Officer VIII |
| 18 | 12 | Superintendent--District |
| 19 | | with 12,501-50,000 ADA |
| 20 | 12 | Superintendent--District |
| 21 | | with 50,000 or more ADA |

22 (e) With the approval of the State Board of Education, the
 23 commissioner of education may add additional positions and months
 24 of service to the Texas Public Education Compensation Plan to
 25 reflect curriculum and program changes authorized by law. With the
 26 approval of the board, the commissioner shall also develop policies
 27 for the implementation and administration of the compensation plan.

28 (f) Each person employed in the public schools of this state
 29 who is an educational aide, teacher trainee, or nondegree teacher
 30 or who is assigned to a position classified under the Texas Public
 31 Education Compensation Plan must be certified according to the
 32 certification requirements or standards for each position as
 33 established by rule adopted by the State Board of Education.
 34 However, additional certification may not be required of a person
 35 holding a valid state license as a speech language pathologist or
 36 audiologist. Persons other than those holding such a license may
 37 only be employed to render such services if an acceptable licensed

applicant is not available.

(g) The State Board of Education shall prescribe the general duties and required preparation and education for educational aides, teacher trainees, and nondegree teachers and for the positions listed in Subsection (d) of this section under the circumstances described therein.

(h) In determining the placement of a teacher on the salary schedule under Subsection (c) of this section, a district shall credit the teacher for each year of experience, whether or not the years are consecutive. Notwithstanding the provision of this subsection, no teacher shall be placed on the salary schedule at a step above the step where the teacher would have been placed had that teacher remained in continuous service.

Sec. 16.057. CAREER LADDER SALARY SUPPLEMENT. (a) Except as provided by Subsection (c) of this section, each teacher on level two, three, or four of a career ladder is entitled to the following annual supplement in addition to the minimum salary set by this subchapter:

| | |
|---------------|---------|
| Level 2 | \$2,000 |
| Level 3 | \$4,000 |
| Level 4 | \$6,000 |

(b) If the district pays more than the state minimum salary prescribed by this subchapter, the teacher is entitled to the career ladder supplement in addition to the amount otherwise paid by the district for the teacher's step.

(c) If the allotment under Section 16.158 of this code that is designated for support of the career ladder will not fully fund

the supplements under this section:

(1) the district may reduce the supplements to not less than the following:

| | |
|---------------|---------|
| Level 2 | \$1,500 |
| Level 3 | \$3,000 |
| Level 4 | \$4,500 |

or;

(2) provide for stricter performance criteria than that provided under Section 13.302 of this code, subject to the approval of the State Board of Education; or

(3) take action under both Subdivisions (1) and (2) of this subsection.

SUBCHAPTER C. BASIC ENTITLEMENT

Sec. 16.101. BASIC ALLOTMENT. For each student in average daily attendance, not including the time students spend each day in special education or vocational education programs for which an additional allotment is made under Subchapter D of this chapter, a district is entitled to an allotment of \$2,300 [~~\$2,200-for-the-1991-1992-school-year,-\$2,400-for-the-1992-1993-school-year,-\$2,600-for-the-1993-1994-school-year,-and-\$2,800-for-the-1994-1995--school-year--and-thereafter~~] or a greater amount adopted by the foundation school fund budget committee under Section 16.256 of this code [~~for the-1993-1994-school-year-and--each--school--year--thereafter~~]. A greater amount for any school year may be provided by appropriation.

Sec. 16.102. COST OF EDUCATION ADJUSTMENT. (a) The basic allotment for each district is adjusted to reflect the geographic

variation in known resource costs and costs of education due to factors beyond the control of the school district. [~~Except as provided by this section, the adjustment is that provided under Section 16.206 of this code.~~]

(b) The adjustment [~~for the 1991-1992 and 1992-1993 school years~~] is the cost of education index and formula adopted in December 1990 by the foundation school fund budget committee. [~~For the 1991-1992 and 1992-1993 school years, the commissioner of education shall recalculate the cost of education index for school districts that are eligible for the adjustment under Section 16.103 of this code, excluding from the computation the calculation for the diseconomies of scale component and substituting a value of 1.00. This subsection expires September 17, 1993.~~]

Sec. 16.103. SMALL DISTRICT ADJUSTMENT. (a) The basic allotment for certain small districts is adjusted in accordance with Subsections (b) and (c) of this section. In this section:

(1) "AA" is the district's adjusted allotment per student;

(2) "ADA" is the number of students in average daily attendance for which the district is entitled to an allotment under Section 16.101 of this code; and

(3) "ABA" is the adjusted basic allotment determined under Section 16.102 of this code.

(b) The basic allotment [~~average daily attendance~~] of a school district that contains at least 300 square miles and has not more than 1,600 students in average daily attendance is adjusted by applying the formula:

$$AA = (1 + ((1,600 - ADA) \times .0004)) \times ABA$$

(c) The basic allotment [~~average--daily--attendance~~] of a school district that contains less than 300 square miles and has not more than 1,600 students in average daily attendance is adjusted by applying the formula:

$$AA = (1 + ((1,600 - ADA) \times .00025)) \times ABA$$

~~[(e)--This-section-expires-September-17-1993.]~~

Sec. 16.1031. USE OF SMALL DISTRICT ADJUSTMENT IN CALCULATING SPECIAL ALLOTMENTS. In determining the amount of a special allotment under Subchapter D of this chapter for a district to which Section 16.103 of this code applies, a district's adjusted basic allotment is considered to be the district's adjusted allotment determined under Section 16.103. ~~[This-section-expires September-17-1993.]~~

Sec. 16.104. SPARSITY ADJUSTMENT. Notwithstanding Sections 16.101, 16.102, and 16.103 of this code, a school district that has fewer than 130 students in average daily attendance shall be provided an adjusted basic allotment on the basis of 130 average daily attendance if it offers a kindergarten through grade 12 program and has prior or current year's average daily attendance of at least 90 students or is 30 miles or more by bus route from the nearest high school district. A district offering a kindergarten through grade 8 program whose prior or current year's average daily attendance was at least 50 students or which is 30 miles or more by bus route from the nearest high school district shall be provided an adjusted basic allotment on the basis of 75 average daily attendance. An average daily attendance of 60 students shall be

the basis of providing the adjusted basic allotment if a district offers a kindergarten through grade 6 program and has prior or current year's average daily attendance of at least 40 students or is 30 miles or more by bus route from the nearest high school district. [~~This section expires September 17, 1993.~~]

SUBCHAPTER D. SPECIAL ALLOTMENTS

Sec. 16.151. SPECIAL EDUCATION. (a) For each full-time equivalent student in average daily attendance in a special education program under Subchapter N, Chapter 21, of this code, a district is entitled to an annual allotment equal to the adjusted basic allotment multiplied by a weight determined according to instructional arrangement as follows:

| | |
|--|------|
| Homebound..... | 5.0 |
| Hospital class..... | 5.0 |
| Speech therapy..... | 7.11 |
| Resource room..... | 2.7 |
| Self-contained, mild and moderate, regular campus... | 2.3 |
| Self-contained, severe, regular campus..... | 3.5 |
| Self-contained, separate campus..... | 2.7 |
| Multidistrict class..... | 3.5 |
| Nonpublic day school..... | 3.5 |
| Vocational adjustment class..... | 2.3 |
| Community class..... | 3.5 |
| Mainstream..... | 0.25 |

(b) A special instructional arrangement for handicapped students residing in care and treatment facilities, other than state schools, whose parents or guardians do not reside in the

1 district providing education services shall be established under
2 the rules of the State Board of Education. The funding weight for
3 this arrangement shall be 5.0 for those students who receive their
4 education service on a local school district campus. A special
5 instructional arrangement for handicapped students residing in
6 state schools shall be established under the rules of the State
7 Board of Education with a funding weight of 5.0.

8 (c) [~~(e)~~] The State Board of Education by rule shall
9 prescribe the qualifications an instructional arrangement must meet
10 in order to be funded as a particular instructional arrangement
11 under this section.

12 (d) [~~(f)~~] In this section, "full-time equivalent student"
13 means 30 hours of contact a week between a special education
14 student and special education program personnel.

15 (e) [~~(g)~~] The State Board of Education shall adopt rules and
16 procedures governing contracts for residential placement of special
17 education students. The legislature shall provide by appropriation
18 for the state's share of the costs of those placements.

19 (f) [~~(h)~~] Funds allocated under this section, other than an
20 indirect cost allotment established under State Board of Education
21 rule, must be used in the special education program under
22 Subchapter N, Chapter 21, of this code.

23 (g) [~~(i)~~] In the determination of instructional arrangements
24 for students in residential instructional arrangements, the State
25 Board of Education shall develop arrangements that encourage
26 placement of students in the least restrictive environment
27 appropriate for their educational needs.

1 (h) [~~††~~] The Central Education Agency shall encourage the
2 placement of students in special education programs in the least
3 restrictive environment appropriate for their educational needs.
4 The Central Education Agency shall provide transitional support for
5 the movement of students from self-contained severe (totally
6 self-contained) to self-contained mild and moderate (partially
7 self-contained) instructional arrangements. For each student
8 placed in a partially self-contained classroom who was placed in a
9 totally self-contained classroom for at least two-thirds of the
10 prior year, a district will receive \$2,500. This payment must be
11 used to facilitate the placement of the student in the less
12 restrictive environment (partially self-contained classroom). A
13 district may not receive more than one support payment for any
14 individual student. This support payment shall be forfeited by the
15 district if the student is returned to the totally self-contained
16 classroom instructional arrangement within one month of placement
17 into the partially self-contained classroom or within one year of
18 initial reclassification without adequate justification.

19 (i) [~~†*~~] A school district that maintains for two
20 successive years a ratio of full-time equivalent students placed in
21 totally self-contained classrooms to the number of full-time
22 equivalent students placed in partially self-contained classrooms
23 that is 25 percent higher than the statewide average ratio shall be
24 reviewed by the Central Education Agency to determine the
25 appropriateness of student placement. To the extent that there are
26 net cost savings to the state resulting from the movement of
27 students from totally self-contained to partially self-contained,

1 as provided in Subsection (h) [~~(f)~~] of this section, those net
2 savings will be directed to regional education service centers to
3 provide technical assistance in accordance with Section 11.33(c) of
4 this code regarding the movement of students to less restrictive
5 environments to those school districts whose ratio of full-time
6 equivalent students placed in totally self-contained classrooms is
7 25 percent higher than the statewide average.

8 (j) [~~(i)~~] A student in a mainstream instructional
9 arrangement who is not also in another instructional arrangement as
10 provided in Subsection (a) of this section is provided the support
11 necessary for the student to remain in the regular classroom. This
12 support may include related services as defined in Section 21.502
13 of this code, special teaching, or other special education support
14 services while in the regular classroom.

15 Sec. 16.152. COMPENSATORY EDUCATION ALLOTMENT. (a) For
16 each student who is educationally disadvantaged or who is a
17 nonhandicapped student residing in a residential placement facility
18 in a district in which the student's parent or legal guardian does
19 not reside, a district is entitled to an annual allotment equal to
20 the adjusted basic allotment multiplied by 0.2, and by 2.41 for
21 each full-time equivalent student who is in a remedial and support
22 program under Section 21.557 of this code because the student is
23 pregnant.

24 (b) For purposes of this section, the number of
25 educationally disadvantaged students is determined by averaging the
26 best six months' enrollment in the national school lunch program of
27 free or reduced-price lunches for the preceding school year.

1 (c) Funds allocated under this section, other than an
2 indirect cost allotment established under State Board of Education
3 rule, which shall not exceed 15 percent, must be used in providing
4 remedial and compensatory education programs under Section 21.557
5 of this code, and the district must account for the expenditure of
6 state funds by program and by campus. Funds allocated under this
7 section, other than the indirect cost allotment, shall only be
8 expended to improve and enhance programs and services funded under
9 the regular education program.

10 (d) The Central Education Agency shall evaluate the
11 effectiveness of remedial and support programs provided under
12 Section 21.557 of this code for students at risk of dropping out of
13 school.

14 (e) A school district in which the actual dropout rate in
15 any school year exceeds the state's dropout rate goal for that year
16 under Subsection (a) of Section 11.205 of this code shall, for the
17 school year immediately following that school year, allocate a
18 percentage of the district's allotment under this section to
19 remedial and support programs under Section 21.557 of this code for
20 students at risk of dropping out of school. The percentage
21 allocated to those programs must be at least equal to the state's
22 actual dropout rate for the preceding year. The programs must be
23 programs authorized by the State Board of Education. The Central
24 Education Agency shall provide to the district technical assistance
25 in reducing the district's dropout rate. At the request of a
26 district, the commissioner of education may exempt the district
27 from the requirements of this section if the commissioner finds

1 that special circumstances in the district merit the exemption.

2 (f) The commissioner of education may:

3 (1) retain a portion of the total amount allotted
4 under Subsection (a) of this section that the commissioner
5 considers appropriate to finance pilot programs under Section
6 11.191 of this code and to finance intensive remedial instruction
7 programs and study guides provided under Sections 21.552(b) and (c)
8 of this code; and

9 (2) reduce each district's tier one allotments in the
10 same manner described for a reduction in allotments under Section
11 16.254 of this code [~~allotment-proportionately~~].

12 (g) From the total amount of funds appropriated for
13 allotments under this section, the commissioner of education shall,
14 each fiscal year, withhold the amount of \$10,000,000 and distribute
15 that amount for programs under Section 21.114 of this code. The
16 program established under that section is required only in school
17 districts in which the program is financed by funds distributed
18 under this section and any other funds available for the program.

19 (h) The commissioner of education shall coordinate the funds
20 withheld under Subsection (g) of this section and any other funds
21 available for the program and shall distribute those funds. To
22 receive funds for the program, a school district must apply to the
23 commissioner. The commissioner shall give a preference to the
24 districts that apply that have the highest concentration of
25 students who are pregnant or who are parents.

26 (i) The commissioner of education shall withhold funds
27 allocated under this section to a district that fails to timely

1 prepare or make available on request of a member of the general
2 public the report required under Section 21.557(i) of this code.
3 The commissioner may restore withheld funds only when the
4 commissioner is satisfied that the district has provided the
5 information requested.

6 (j) [~~††~~] After deducting the amount withheld under
7 Subsection (g) of this section from the total amount appropriated
8 for the allotment under Subsection (a) of this section, the
9 commissioner of education shall reduce each district's tier one
10 allotments in the same manner described for a reduction in
11 allotments under Section 16.254 of this code [~~allotment--under~~
12 ~~Subsection--(a)--proportionately~~] and shall allocate funds to each
13 district accordingly.

14 (k) [~~††~~] From the total amount of funds appropriated for
15 allotments under this section, the commissioner of education shall,
16 each fiscal year, withhold the amount of \$5,000,000 and distribute
17 that amount for programs under Subchapter V, Chapter 21, of this
18 code. A program established under that subchapter is required only
19 in school districts in which the program is financed by funds
20 distributed under this section or other funds distributed by the
21 commissioner for a program under that subchapter.

22 (l) [~~††~~] The commissioner of education shall coordinate the
23 funds withheld under Subsection (k) [~~††~~] of this section and any
24 other funds available for the program and shall distribute those
25 funds. To receive funds for the program, a school district must
26 apply to the commissioner. The commissioner shall give a
27 preference to the districts that apply that have the highest

1 concentration of at-risk students. For each school year that a
2 school district receives funds under this section, the district
3 shall allocate an amount of local funds for school guidance and
4 counseling programs that is equal to or greater than the amount of
5 local funds that the school district allocated for that purpose
6 during the preceding school year.

7 (m) [~~l~~] After deducting the amount withheld under
8 Subsection (k) [~~j~~] of this section from the total amount
9 appropriated for the allotment under Subsection (a) of this
10 section, the commissioner of education shall reduce each district's
11 tier one allotments in the same manner described for a reduction in
12 allotments under Section 16.254 of this code [~~allotment--under~~
13 ~~Subsection-(a)-on-a-per-pupil-basis~~].

14 Sec. 16.153. BILINGUAL EDUCATION ALLOTMENT. (a) For each
15 student in average daily attendance in a bilingual education or
16 special language program under Subchapter L, Chapter 21, of this
17 code, a district is entitled to an annual allotment equal to the
18 adjusted basic allotment multiplied by 0.1.

19 (b) Funds allocated under this section, other than an
20 indirect cost allotment established under State Board of Education
21 rule, must be used in providing bilingual education or special
22 language programs under Subchapter L, Chapter 21, of this code.

23 (c) A district's bilingual education or special language
24 allocation may be used only for program and pupil evaluation,
25 instructional materials and equipment, staff development,
26 supplemental staff expenses, salary supplements for teachers, and
27 other supplies required for quality instruction and smaller class

1 size.

2 Sec. 16.155. VOCATIONAL EDUCATION ALLOTMENT. (a) For each
3 full-time equivalent student in average daily attendance in an
4 approved vocational education program in grades nine through 12 or
5 in vocational education for the handicapped programs in grades
6 seven through 12, a district is entitled to an annual allotment
7 equal to the adjusted basic allotment multiplied by a weight of
8 1.37.

9 (b) In this section, "full-time equivalent student" means 30
10 hours of contact a week between a student and vocational education
11 program personnel.

12 (c) Funds allocated under this section, other than an
13 indirect cost allotment established under State Board of Education
14 rule, must be used in providing vocational education programs in
15 grades nine through 12 or vocational education for the handicapped
16 programs in grades seven through 12 under the provisions of
17 Sections 21.111, 21.1111, and 21.112 of this code.

18 (d) The indirect cost allotment established under board
19 rules shall first be effective for the 1991-1992 school year
20 consistent with the weight effective that year.

21 (e) The commissioner shall conduct a cost-benefit comparison
22 between vocational education programs and mathematics and science
23 programs.

24 (f) [t h t] Out of the total statewide allotment for
25 vocational education under this section, the commissioner of
26 education shall set aside an amount specified in the General
27 Appropriations Act, which may not exceed an amount equal to one

1 percent of the total amount appropriated, to support regional
 2 vocational education planning committees established under Section
 3 21.115(b) of this code. After deducting the amount set aside under
 4 this subsection from the total amount appropriated for vocational
 5 education under this section, the commissioner shall reduce each
 6 district's tier one allotments [~~allotment~~] in the same manner
 7 described for a reduction in allotments [~~state-funds~~] under Section
 8 16.254 [~~16.254(d)~~] of this code.

9 Sec. 16.156. TRANSPORTATION ALLOTMENT. (a) Each district
 10 or county operating a transportation system is entitled to
 11 allotments for transportation costs as provided by this section.

12 (b) As used in this section:

13 (1) "Regular eligible pupil" means a pupil who resides
 14 two or more miles from his or her campus of regular attendance,
 15 measured along the shortest route that may be traveled on public
 16 roads, and who is not classified as an eligible handicapped pupil.

17 (2) "Eligible handicapped pupil" means a pupil who is
 18 handicapped as defined in Section 21.503 of this code and who would
 19 be unable to attend classes without special transportation
 20 services.

21 (3) "Linear density" means the average number of
 22 regular eligible pupils transported daily, divided by the approved
 23 daily route miles traveled by the respective transportation system.

24 (c) Each district or county operating a regular
 25 transportation system is entitled to an allotment based on the
 26 daily cost per regular eligible pupil of operating and maintaining
 27 the regular transportation system and the linear density of that

1 system. In determining the cost, the commissioner shall give
2 consideration to factors affecting the actual cost of providing
3 these transportation services in each district or county. The
4 average actual cost is to be computed by the commissioner of
5 education and included for consideration by the Foundation School
6 Fund Budget Committee and the legislature in the General
7 Appropriations Act. The allotment per mile of approved route may
8 not exceed the amount set by appropriation.

9 (d) A district or county may apply for and on approval of
10 the commissioner of education receive an additional amount of up to
11 10 percent of its regular transportation allotment to be used for
12 the transportation of children living within two miles of the
13 school they attend who would be subject to hazardous traffic
14 conditions if they walked to school. Each board of trustees shall
15 provide to the commissioner the definition of hazardous conditions
16 applicable to that district and shall identify the specific
17 hazardous areas for which the allocation is requested. A hazardous
18 condition exists where no walkway is provided and children must
19 walk along or cross a freeway or expressway, an underpass, an
20 overpass or a bridge, an uncontrolled major traffic artery, an
21 industrial or commercial area, or another comparable condition.

22 (e) The [state] commissioner of education may grant an
23 amount set by appropriation for private or commercial
24 transportation for eligible pupils from isolated areas. The need
25 for this type of transportation grant shall be determined on an
26 individual basis and the amount granted shall not exceed the actual
27 cost. The grants shall be made only in extreme hardship cases, and

1 no grants shall be made if the pupils live within two miles of an
2 approved school bus route.

3 (f) The cost of transporting vocational education students
4 from one campus to another inside a district or from a sending
5 district to another secondary public school for a vocational
6 program or an area vocational school or to an approved
7 post-secondary institution under a contract for instruction
8 approved by the Central Education Agency shall be reimbursed based
9 on the number of actual miles traveled times the district's
10 official extracurricular travel per mile rate as set by their local
11 board of trustees and approved by the Central Education Agency.

12 (g) A school district or county that provides special
13 transportation services for eligible handicapped pupils is entitled
14 to a state allocation paid on a previous year's cost-per-mile
15 basis. The maximum rate per mile allowable shall be set by
16 appropriation based on data gathered from the first year of each
17 preceding biennium. Districts may use a portion of their support
18 allocation to pay transportation costs, if necessary. The
19 commissioner of education may grant an amount set by appropriation
20 for private transportation to reimburse parents or their agents for
21 transporting eligible handicapped pupils. The mileage allowed
22 shall be computed along the shortest public road from the pupil's
23 home to school and back, morning and afternoon. The need for this
24 type transportation shall be determined on an individual basis and
25 shall be approved only in extreme hardship cases.

26 (h) The allocation for eligible regular students transported
27 by the regular transportation system shall be increased by five

1 percent for any district or county school board which has complied
2 with the provisions of Section 21.173 of this code in accordance
3 with rules adopted by the State Board of Education.

4 (i) Funds allotted under this section must be used in
5 providing transportation services.

6 (j) In the case of a district belonging to a county
7 transportation system, the district's transportation allotment for
8 purposes of determining a district's foundation school program
9 allocations shall be determined on the basis of the number of
10 approved daily route miles in the district multiplied by the
11 allotment per mile to which the county transportation system is
12 entitled.

13 Sec. 16.158. CAREER LADDER ALLOTMENT. (a) Each district is
14 entitled to an allotment for support of the career ladder equal to
15 its unadjusted average daily attendance multiplied by \$90.

16 (b) An allotment under this section may be used only for the
17 purposes of career ladder supplements.

18 (c) From the funds designated for that purpose, the district
19 shall supplement the salary of each teacher above level one on the
20 career ladder. The district shall decide the amount of supplement
21 to be provided at each career ladder level.

22 (d) Money received under this section may not be used to
23 supplement the salary of an employee for directing cocurricular or
24 extracurricular activities.

25 Sec. 16.159. GIFTED AND TALENTED STUDENT ALLOTMENT.
26 (a) For each student a school district serves in a Central
27 Education Agency approved program for gifted and talented students

1 under Subchapter Q, Chapter 21, of this code or, in the case of a
2 district that is developing a program in accordance with standards
3 established by the commissioner of education, for each student the
4 district identifies as gifted and talented under State Board of
5 Education criteria, a district is entitled to an annual allotment
6 equal to the district's adjusted basic allotment as determined
7 under Section 16.102 or Section 16.103 of this code, as applicable,
8 multiplied by .12 for each school year or a greater amount provided
9 by appropriation.

10 (b) Funds allocated under this section, other than the
11 amount that represents the program's share of general
12 administrative costs, must be used in providing approved programs
13 for gifted and talented students under Subchapter Q, Chapter 21, of
14 this code or, in the case of a district that has not yet
15 established a program, in developing programs for gifted and
16 talented students. Each district must account for the expenditure
17 of state funds as provided by rule of the State Board of Education.
18 If by the end of the 12th month after receiving an allotment for
19 developing a program a district has failed to implement an approved
20 program, the district must refund the amount of the allotment to
21 the agency within 30 days.

22 (c) Not more than five percent of a district's students in
23 average daily attendance are eligible for funding under this
24 section.

25 (d) If the amount of state funds for which school districts
26 are eligible under this section exceeds the amount of state funds
27 appropriated in any year for the programs, the commissioner of

1 education shall reduce each district's tier one allotments in the
2 same manner described for a reduction in allotments under Section
3 16.254 of this code [~~allotment-on-a-pro-rata-basis~~].

4 (e) If the total amount of funds allotted under this section
5 before a date set by rule of the State Board of Education is less
6 than the total amount appropriated for a school year, the
7 commissioner shall distribute the remainder proportionately to the
8 districts that have received an allotment, and no other districts
9 are eligible for an allotment for that school year.

10 (f) After each district has received allotted funds for this
11 program, the State Board of Education may use up to \$500,000 of the
12 funds allocated under this section for programs such as Future
13 Problem Solving Olympics of the Mind, and Academic Decathlon, as
14 long as these funds are used to train personnel and provide program
15 services. To be eligible for funding under this section, a program
16 must be determined by the State Board of Education to provide
17 services that are effective and consistent with the state plan for
18 gifted and talented education.

19 Sec. 16.160. TECHNOLOGY FUNDS. (a) Developmental and
20 technology allotment allocations under the provisions of Chapter 14
21 are included in the Foundation School Program.

22 (b) Each district shall be allotted the amount specified in
23 Section 14.063 of this code after deductions by the commissioner of
24 education for the purposes of financing programs authorized under
25 Subchapter C, Chapter 14, of this code.

26 SUBCHAPTER F. ACCOUNTABLE COSTS OF EDUCATION

27 Sec. 16.201. PURPOSE. The accountable costs of education

1 studies are designed to support the development of the equalized
 2 funding elements necessary to provide an efficient state and local
 3 public school finance system which meets the state policy
 4 established in Section 16.001 of this code and provides the
 5 research basis for the equalized funding elements under the
 6 provisions of Section 16.256 of this code.

7 [Sec.--16.202.--STUDIES.--On-a-biennial-basis,--the-Legislative
 8 Education---Board--and--the--Legislative--Budget--Board,--with--the
 9 assistance-of--the--Educational--Economic--Policy--Center--and--the
 10 Central--Education--Agency,--shall--complete--each-of-the-following
 11 studies-and-develop-recommended-amounts-where-appropriate-for--each
 12 year-of-the-next-biennium;

13 [(1)--a-study-of-the-fiscal-neutrality-of-the-system-to
 14 determine--the--status--of--the-state-and-local-finance-system-with
 15 regard-to-the-policies-established-under-the-provisions-of--Section
 16 16.001--of--this--code,--including--recommendations-for-adjustments
 17 necessary-to-maintain-fiscal-neutrality;

18 [(2)--the--accountable--costs--per--student--to--school
 19 districts-of-providing-educational-programs,--personnel,--and--other
 20 operating-costs-that-meet-accreditation-criteria-and-the-provisions
 21 of-law-and-regulation;

22 [(3)--program-cost-differentials-designed-by-program-to
 23 provide--support--for--the--added--expense--of-high-cost-courses-or
 24 programs-for-students-participating-in-such--courses--or--programs,
 25 with--the--program-funding-level-expressed-as-dollar-amounts-and-as
 26 weights-applied-to-the-adjusted-basic-allotment-for-the-appropriate
 27 year;

[(4) -- transportation and career ladder allotments;

[(5) -- the levels of tax effort necessary for each tier of the Foundation School Program necessary to fulfill the requirements of Sections 16.001 and 16.008 of this code; and

[(6) -- capital outlay and debt service requirements and formula elements for the requirements of Subchapter F of this chapter or other provisions of this chapter.

[Sec. 16.203. -- PROCEDURES. -- (a) -- The program cost differentials developed jointly by the Legislative Education Board and the Legislative Budget Board shall be submitted to the foundation school fund budget committee for adoption beginning with the 1993-1994 school year. -- If the foundation school fund budget committee fails to adopt by April 1 the program cost differentials for the following school year, the commissioner of education, after considering the recommendations developed by those boards, shall adopt program cost differentials.

[(b) -- The commissioner of education shall provide appropriate assistance to the boards for the calculation of the various funding elements. -- Subject to review by the Legislative Education Board, the commissioner of education shall retain from the allotments under Sections 16.102 and 16.103 of this code and Subchapter B of this chapter amounts appropriate to finance necessary additional costs for the studies required under this subchapter.

[(c) -- The boards may appoint advisory committees to assist in the development of the various funding elements and studies required under this subchapter. -- Advisory committee members serve without compensation but are entitled to reimbursement for actual

1 and-necessary-expenses-incurred-in-the-performance-of-their-duties.
2 Reimbursement-shall-be-from-funds-available-under-Subsection-(b)-of
3 this-section-or-from-other-funds-available-to-the-boards.

4 [(d)--In--the--studies-relating-to-program-cost-differentials
5 the--boards--shall--give--special--consideration--to--cost--factors
6 associated--with--class--size,--laboratory---expenses,---materials,
7 equipment,--teacher-training,--necessary-salary-supplementation,--and
8 special--services--related--to--individual--courses--or--groups--of
9 courses.]

10 [Sec.-16.204.--NAVAL-MILITARY--FACILITY--IMPACT.----(a)---The
11 model-on-which-a-cost-of-education-index-is-based-must-specifically
12 consider-the-impact-of-a-significant-new-naval-military-facility-on
13 each-district-in-an-impacted-region.]

14 [(b)--If--the--construction-or-operation-of-a-significant-new
15 naval--military--facility--begins--during--a---school---year,---the
16 Legislative--Education-Board-and-the-Legislative-Budget-Board-shall
17 recommend-the-adjustment-of-the-basic-allotment-during-that--school
18 year--to--consider--any--impact--of--the--facility--on--the-cost-of
19 education-index-of-the-districts-in-the-impacted-region.]

20 [(c)--In--this--section,--"significant--new--naval---military
21 facility"--and--"impacted--region"--have--the--meanings-assigned-by
22 Section-47-Article-17-National-Defense-Impacted--Region--Assistance
23 Act-of-1985-(Article-689a-4d,--Vernon's-Texas-Civil-Statutes).]

24 [(d)--This-section-expires-September-1,--1993.]

25 Sec. 16.205. EFFICIENCY IN ADMINISTRATION REPORT. (a) The
26 commissioner of education shall conduct a study to determine the
27 most appropriate and efficient method for reporting and monitoring

the allocation of resources by school districts.

(b) The study shall identify the most effective means for calculating, monitoring, and reporting the proportion of resources that school districts allocate for their administrative costs and shall include administrator-teacher ratios.

(c) The study shall include a description of average efficient administrative expenditures by districts with consideration of district size and demographics.

(d) Prior to the beginning of each regular session of the legislature, the agency shall provide a report with recommendations to the Legislative Education Board and the legislature.

~~[(e)--The study is an element of the study of accountable costs of education under this subchapter.]~~

~~[Sec. 16.206. COST ADJUSTMENTS. (a) The lieutenant governor shall appoint five members of the senate and the speaker of the house of representatives shall appoint five members of the house to a committee to conduct a study of certain costs of providing public education as provided by this section. The lieutenant governor and the speaker shall make the appointments not later than September 1, 1991.]~~

~~[(b) The committee shall examine methods of adjusting for specific resource cost variations caused by factors beyond the control of school districts. The committee shall recommend adjustments for these factors that will provide the most efficient service delivery considering optimum district size, enrollment growth, and other cost factors. For the purpose of the study, the committee shall divide districts and campuses into a variety of~~

categories---that---may---include---region7--size7--area7--density7
educational-characteristics7-and-economic-conditions7

[(c)--The-committee-may-appoint-one-or-more--advisory--panels
to--assist--the--committee-in-conducting-the-study.--Advisory-panel
members--serve---without---compensation---but---are---entitled---to
reimbursement--for--actual--and--necessary-expenses-incurred-in-the
performance-of-their-duties7

[(d)--The--committee--shall--recommend--adjustments--to---the
Foundation--School--Program--for-resource-cost-variations-caused-by
factors-beyond-the-control-of-school-districts--to--the--foundation
school--fund--budget--committee--not--later-than-June-17-1992.--The
adjustments-shall-include7

[(1)--an-adjustment--to--account--for--fast--enrollment
growth--and--other--factors--relevant--to--a--district's--need--for
facilities7-and

[(2)--appropriate---treatment--of--the--calculation--of
weighted-students-under-Section-16.302-of-this-code7

[(e)--The-foundation-school-fund--budget--committee--by--rule
shall--adopt--adjustments--to--the--Foundation--School--Program-for
resource-cost-variations-beyond-the-control-of-school-districts--to
apply--beginning--with--the--1993-1994-school-year.--The-foundation
school-fund-budget-committee-shall-report-the--adjustments--adopted
to--the--legislature--and--the--commissioner--of-education.--If-the
foundation--school--fund--budget--committee--fails--to--adopt---the
adjustments--by--November-17-19927-the-commissioner-of-education-by
rule-shall-adopt-adjustments-not-later-than-December-17-19927

[(f)--The-rules-adopted-under-this--section--apply--beginning

with-the-1993-1994-school-year.--If-no-rules-are-adopted-under-this
 section,--the--basic-allotment-calculated-under-Sections-16.008-and
 16.256(e)-of-this-code-shall-be--increased--to--reflect--the--costs
 associated-with-the-adjustments-made-by-the-cost-of-education-index
 and-formula-for-the-1992-1993-school-year.]

SUBCHAPTER G. FINANCING THE PROGRAM

Sec. 16.251. FINANCING; GENERAL RULE. (a) The sum of the
 basic allotment under Subchapter C and[7] the special allotments
 under Subchapter D, computed in accordance with this chapter,
constitute the tier one allotments. The sum of the tier one
allotments and the guaranteed yield allotments under Subchapter H,
 computed in accordance with [the--provisions--of] this chapter,
 constitute the total cost of the Foundation School Program.

(b) The program shall be financed by:

(1) ad valorem tax revenue generated by an equalized
 uniform school [county-education] district effort;

(2) ad valorem tax revenue generated by local school
 district effort in excess of the equalized uniform school [county
 education] district effort;

(3) state available school funds distributed in
 accordance with law; and

(4) state funds appropriated for the purposes of
 public school education and allocated to each district in an amount
 sufficient to finance the cost of each district's Foundation School
 Program not covered by other funds specified in this subsection.

(c) The commissioner of education shall compute for each
 school district the total amount, if any, by which the district's

total revenue is reduced from one school year to the next because of a change in the method of finance under this chapter. The commissioner shall certify the amount of the reduction to the school district for use in determining the school district's rollback rate under Section 26.08, Tax Code.

Sec. 16.252. LOCAL SHARE OF PROGRAM COST (TIER ONE).

(a) Each school [~~county--education~~] district's share of the Foundation School Program shall be an amount determined by the following formula:

$$LFA = TR \times DPV$$

where:

"LFA" is the school [~~county--education~~] district's local share;

"TR" is a tax rate which for each hundred dollars of valuation is an effective tax rate of \$0.86 [~~\$0.72--for--the 1991-1992--school--year, \$0.82--for--the 1992-1993--school--year, \$0.92 for--the 1993-1994--school--year,--and--\$1.00--for--each--school--year thereafter~~]; and

"DPV" is the taxable value of property in the school [~~county education~~] district for the prior tax year determined under Section 11.86 of this code.

(b) The commissioner of education shall adjust the values reported in the official report of the comptroller as required by Section 5.09(a), [~~Property~~] Tax Code, to reflect reductions in taxable value of property resulting from natural or economic disaster after January 1 in the year in which the valuations are determined. The decision of the commissioner of education shall be

1 final. An adjustment does not affect the local fund assignment of
2 any other school [~~county-education~~] district.

3 (c) Appeals of district values shall be held pursuant to
4 Subsection (e) of Section 11.86 of this code.

5 (d) A [~~county--education~~] district shall raise its total
6 local share of the foundation school program. [~~The funds shall--be~~
7 ~~reallocated--to--the--school--districts--in--the--county--education~~
8 ~~district-in-the-manner-prescribed-by-Subchapter-J-of-this-chapter.~~]

9 (e) The commissioner of education shall hear appeals from
10 school [~~county-education~~] districts which have experienced a rapid
11 decline in tax base used in calculating the local fund assignment,
12 exceeding eight percent of prior year, that is beyond the control
13 of the board of trustees of the [~~county-education~~] district. The
14 commissioner of education may adjust the [~~county---education~~]
15 district's taxable values for local fund assignment purposes for
16 such losses in value exceeding eight percent and thereby adjust the
17 local fund assignment to reflect the local current year taxable
18 value. The decision of the commissioner of education shall be
19 final. An adjustment does not affect the local fund assignment of
20 any other school [~~county-education~~] district.

21 Sec. 16.254. DISTRIBUTION OF FOUNDATION SCHOOL FUND.

22 (a) Before September 1 of each odd-numbered year, the [~~The~~]
23 commissioner of education shall determine for each year of the
24 state fiscal biennium [~~annually~~]:

25 (1) the amount of money necessary to operate a
26 Foundation School Program in each school district;

27 (2) the amount of local funds each [~~due--the~~] school

1 district must raise to meet its [~~from-the~~] local fund assignment
2 [~~of-the-county-education-district~~]; and

3 (3) the amount of state available school funds
4 distributed to each school district.

5 (b) The commissioner shall base the determinations under
6 Subsection (a) of this section on the estimates provided to the
7 legislature under Section 16.2541 of this code for each school
8 district for each school year.

9 (c) The commissioner of education shall then notify [~~grant~~
10 ~~to~~] each school district of the initial amount to which it is
11 entitled as a grant from the foundation school fund. The initial
12 entitlement is equal to [~~from--the--Foundation--School--Program~~
13 ~~appropriation--the--amount--of--funds--necessary--to--provide~~] the
14 difference between Subdivision (1) and the sum of Subdivisions (2)
15 and (3) of Subsection (a) of this section.

16 (d) [~~te~~] The commissioner shall approve warrants to each
17 school district equaling the amount of its initial entitlement
18 except as provided by this section [~~grant~~]. Warrants for all money
19 expended according to the provisions of this chapter shall be
20 approved and transmitted to treasurers or depositories of school
21 districts in the same manner as warrants for state apportionment
22 are transmitted.

23 (e) The commissioner shall compute adjusted entitlements for
24 districts as data for the school year becomes available. Not later
25 than January 31 of each year, the commissioner shall inform each
26 district of its adjusted entitlement for the current school year
27 and the amount of difference between the adjusted entitlement and

1 the initial entitlement. The commissioner may continue to compute
2 adjusted entitlements throughout the remainder of the fiscal year
3 as data becomes available.

4 (f) The commissioner shall increase or reduce the amount of
5 warrants for current year state aid to each school district by the
6 amount of difference between the district's adjusted entitlement
7 and its initial entitlement, not to exceed the funds appropriated
8 for the current fiscal year.

9 (g) Not later than January 31 of each odd-numbered year, the
10 commissioner shall determine whether the amount of funds
11 appropriated for foundation school fund purposes will be sufficient
12 to satisfy all estimated payments to be made in the second year of
13 the fiscal biennium. If the appropriated funds are not sufficient,
14 the commissioner shall certify the amount of difference to the
15 foundation school fund budget committee. The committee shall
16 propose to the legislature that the certified amount be transferred
17 to the foundation school fund from the economic stabilization fund
18 or any other available source and appropriated for the purpose of
19 increases in payments under this section.

20 (h) If the legislature fails to enact a transfer and
21 appropriation as proposed in Subsection (g) or fails to appropriate
22 additional funds, the commissioner shall reduce the total
23 allotments under Subchapters C and D for each district so that the
24 resulting computed state aid for the current year for all school
25 districts, plus adjustments to payments from prior years authorized
26 by this section, equals the amount available for distribution from
27 the foundation school fund, and so that each district's share of

1 the total reduction of school district allotments is equal to the
 2 district's share of the taxable value of property, as determined
 3 under Section 11.86, of all districts in the state. The
 4 commissioner shall adjust warrants to each school district
 5 accordingly. The following fiscal year, a district's allotments
 6 are increased by an amount equal to the reduction in warrants made
 7 under this subsection.

8 (i) If the legislature appropriates all or a portion of the
 9 funds computed to be required in Subsection (g), the commissioner
 10 shall increase warrants to districts immediately, not to exceed the
 11 total funds appropriated.

12 (j) The commissioner may adjust the amount of warrants to
 13 reflect the current year adjusted entitlement if a district is
 14 egregiously harmed or benefited from an error in the computation of
 15 the initial entitlement, including the estimates provided under
 16 Section 16.2541.

17 ~~[(d)--Notwithstanding any other provision of this chapter, if~~
 18 ~~for any year the total--state's--share--of--the--Foundation--School~~
 19 ~~Program, as determined under this chapter, exceeds the total amount~~
 20 ~~appropriated for that year, the commissioner shall reduce the total~~
 21 ~~amount--of--state--funds--allocated--to--each--district--by--an--amount~~
 22 ~~determined by a method under which--the--application--of--the--same~~
 23 ~~number--of--cents--of--increase--in--tax--rate--applied--to--the--taxable~~
 24 ~~value of property of each district, as determined under--Section~~
 25 ~~11.86--of--this--code, results in a levy for each district equal to~~
 26 ~~the amount deducted from that district's allocation.~~

27 ~~[(e)--The commissioner of education shall--compute--for--each~~

~~school-district-the-total-amount-by-which-the-district's-allocation
of--state-funds-is-reduced-under-Subsection-(d)-of-this-section-and
shall-certify-that-amount-to-the-district-]~~

Sec. 16.2541. ESTIMATES REQUIRED. (a) Not later than
October 1 of each even-numbered year:

(1) the Central Education Agency shall submit to the
foundation school fund budget committee and the legislature an
estimate of student enrollment by school district for the following
biennium; and

(2) the comptroller shall submit to the foundation
school fund budget committee and the legislature an estimate of the
total value of all taxable property in the state as determined
under Section 11.86 for the following biennium.

(b) The Central Education Agency and the comptroller shall
update the information provided to the legislature under Subsection
(a) not later than March 1 of each odd-numbered year.

Sec. 16.255. FALSIFICATION OF RECORDS; REPORT. (a) When,
in the opinion of the director of school audits of the Central
Education Agency, audits or reviews of accounting, enrollment, or
other records of a school district reveal deliberate falsification
of the records, or violation of the provisions of this chapter,
whereby the district's share of state funds allocated under the
authority of this chapter would be, or has been, illegally
increased, the director shall promptly and fully report the fact to
the State Board of Education and the state auditor.

(b) In the event of overallocation of state funds, as
determined by the State Board of Education or the state auditor by

1 reference to the director's report, the Central Education Agency
2 shall, by withholding from subsequent allocations of state funds,
3 recover from the district an amount, or amounts, equal to the
4 overallocation.

5 Sec. 16.2551. LIMIT ON ADMINISTRATIVE COSTS. (a) The
6 commissioner of education shall determine annually:

7 (1) an administrative cost ratio for school districts
8 with 1,600 or fewer students in average daily attendance; and

9 (2) an administrative cost ratio for school districts
10 with more than 1,600 students in average daily attendance.

11 (b) The commissioner of education may adjust the
12 administrative cost ratio of a district to allow for additional
13 administrative costs required by:

14 (1) the sparsity of the district; or

15 (2) students with special needs.

16 (c) Not later than September 1 of each year, the
17 commissioner of education shall notify each school district of its
18 administrative cost ratio for the following school year.

19 (d) Not later than February 1 of each year, based on a
20 school district's budget information reported as provided by
21 Section 16.007, the commissioner of education shall notify the
22 district if the district's budgeted administrative costs for the
23 next school year exceed its administrative cost ratio.

24 (e) The commissioner of education shall deduct from a school
25 district's tier one allotments an amount equal to the amount by
26 which the district's administrative costs exceed the amount
27 permitted by its administrative cost ratio. The commissioner shall

1 make a deduction under this subsection from the foundation school
2 fund payments to the district in the school year following the
3 school year in which the administrative cost ratio was exceeded.
4 If a school district does not receive a tier one allotment, the
5 district shall remit an amount equal to the excess to the
6 comptroller for deposit to the credit of the foundation school
7 fund.

8 (f) The commissioner of education may grant a waiver to a
9 school district that exceeds its administrative cost ratio if the
10 excess is justified by unusual circumstances.

11 (g) A school district shall include a statement of any
12 amount withheld or remitted under Subsection (e) in:

13 (1) the notification to property owners and parents
14 required by Section 21.258(a); and

15 (2) the district report card required by Section
16 21.259.

17 (h) In this section:

18 (1) "Administrative cost ratio" means a school
19 district's administrative costs divided by its instructional costs,
20 expressed as a percentage.

21 (2) "Administrative costs" includes all operating
22 expenses made from funds other than federal funds for general
23 administration, instructional administration, school administration
24 other than the cost of campus principals, curriculum and staff
25 development, communication and dissemination of information, data
26 processing services, and as determined by rule by the commissioner
27 of education, administrative costs associated with educational

1 cooperatives.

2 (3) "Instructional costs" includes all operating
3 expenses made from funds other than federal funds for the purpose
4 of instructing students, for instructional resources and media, and
5 for guidance and counseling.

6 Sec. 16.256. FOUNDATION SCHOOL FUND BUDGET COMMITTEE. (a)
7 The foundation school fund budget committee is composed of the
8 governor, the lieutenant governor, and the comptroller [~~of--public~~
9 ~~accounts~~].

10 (b) On or before November 1 before each regular session of
11 the legislature, the budget committee shall determine and certify
12 to the comptroller [~~of-public-accounts~~] an amount of money to be
13 placed in the foundation school fund for the succeeding biennium
14 for the purpose of financing the Foundation School Program as
15 described in this code.

16 (c) The budget committee may, during the biennium, change
17 the estimate of money necessary to finance the Foundation School
18 Program.

19 (d) The foundation school fund budget committee shall adopt
20 rules for the calculation for each year of a biennium of the
21 qualified funding elements necessary to achieve the state funding
22 policy under Section 16.001 of this code not later than the
23 1994-1995 school year and for each year thereafter. In the
24 calculation of these funding elements, the committee shall consider
25 the report of the Legislative Education Board prescribed under
26 Section 16.008 of this code.

27 (e) The funding elements shall include:

1 (1) a basic allotment for the purposes of Section
2 16.101 of this code that represents the cost per student of a
3 regular education program that meets the basic criteria for an
4 accredited program including all mandates of law and regulation;

5 (2) adjustments designed to reflect the variation in
6 known resource costs and costs of education beyond the control of
7 school districts;

8 (3) appropriate program cost differentials and other
9 funding elements for the programs authorized under Subchapter D of
10 this chapter, with the program funding level expressed as dollar
11 amounts and as weights applied to the adjusted basic allotment for
12 the appropriate year;

13 (4) the maximum guaranteed level of qualified state
14 and local funds per student for the purposes of Subchapter H of
15 this chapter;

16 (5) the enrichment and facilities tax rate under
17 Subchapter H of this chapter;

18 (6) the formula elements for the funding formulas for
19 capital outlay and debt service under the provision of Subchapter I
20 of this chapter; and

21 (7) the calculation of weighted students in average
22 daily attendance under Section 16.302 of this code.

23 (f) Not [~~Beginning--in--1992,--not~~] later than November 1
24 preceding each regular session of the legislature, the foundation
25 school fund budget committee by rule shall adopt and report the
26 equalized funding elements calculated under this section to the
27 commissioner of education and the legislature. Before the

1 committee adopts the elements, the committee or the committee's
2 designees shall hold a public hearing on the recommendations of the
3 Legislative Education Board.

4 [~~(g)--Notwithstanding--other--provisions--of--this--section,--the~~
5 ~~funding--elements--adopted--by--the--foundation--school--fund--budget~~
6 ~~committee--for--the--1993-1994-school-year--and--the--1994-1995-school~~
7 ~~year--shall--provide--for--appropriate--transition--from--the--program--in~~
8 ~~effect--for--the--1992-1993-school-year.~~]

9 Sec. 16.258. EFFECT OF APPRAISAL APPEAL. (a) If the final
10 determination of an appeal under Chapter 42, Tax Code, results in a
11 reduction in the taxable value of property that exceeds five
12 percent of the total taxable value of property in the school
13 district for the same tax year determined under Section 11.86 of
14 this code, the commissioner of education shall request the
15 comptroller to adjust its taxable property value findings for that
16 year consistent with the final determination of the appraisal
17 appeal.

18 (b) If the district would have received a greater amount
19 from the foundation school fund for the applicable school year
20 using the adjusted value, the commissioner shall add the difference
21 to subsequent distributions to the district from the foundation
22 school fund. An adjustment does not affect the local fund
23 assignment of any other district.

24 Sec. 16.260. FOUNDATION SCHOOL FUND TRANSFERS. (a) In this
25 section:

26 (1) "Category 1 school district" means a school
27 district having a wealth of less than one-half of the statewide

1 average wealth.

2 (2) "Category 2 school district" means a school
3 district having a wealth of at least one-half of the statewide
4 average wealth per pupil but not more than the statewide average
5 wealth.

6 (3) "Category 3 school district" means a school
7 district having a wealth of more than the statewide average wealth.

8 (4) "Wealth" means the taxable property values
9 reported by the comptroller to the commissioner of education under
10 Section 16.252 of this code divided by the number of students in
11 average daily attendance.

12 (b) Payments from the foundation school fund to each
13 category 1 school district shall be made as follows:

14 (1) 21 percent of the yearly entitlement of the
15 district shall be paid in two equal installments to be made on or
16 before the 25th day of September and October of a fiscal year;

17 (2) 57 percent of the yearly entitlement of the
18 district shall be paid in six equal installments to be made on or
19 before the 25th day of November, December, January, February,
20 March, and July; and

21 (3) 22 percent of the yearly entitlement of the
22 district shall be paid in two equal installments to be made on or
23 before the 25th day of April and May.

24 (c) Payments from the foundation school fund to each
25 category 2 school district shall be made as follows:

26 (1) 21 percent of the yearly entitlement of the
27 district shall be paid in two equal installments to be made on or

1 before the 25th day of September and October of a fiscal year;

2 (2) 38 percent of the yearly entitlement of the
3 district shall be paid in four equal installments to be made on or
4 before the 25th day of November, December, March, and July;

5 (3) seven percent of the yearly entitlement of the
6 [school] district shall be paid in two equal installments to be
7 made on or before the 25th day of January and February;

8 (4) 22 percent of the yearly entitlement of the
9 [school] district shall be paid in two equal installments to be
10 made on or before the 25th day of April and May; and

11 (5) 12 percent of the yearly entitlement of the
12 [school] district shall be paid in two equal installments to be
13 made on or before the 25th day of June and August.

14 (d) Payments from the foundation school fund to each
15 category 3 school district shall be made as follows:

16 (1) 21 percent of the yearly entitlement of the
17 district [school] shall be paid in two equal installments to be
18 made on or before the 25th day of September and October of a fiscal
19 year;

20 (2) 57 percent of the yearly entitlement of the
21 district [school] shall be paid in six equal installments to be
22 made on or before the 25th day of November, December, March, June,
23 July, and August; and

24 (3) 22 percent of the yearly entitlement of the
25 [school] district shall be paid in two equal installments to be
26 made on or before the 25th day of April and May.

27 (e) The amount of any installment required by this section

1 may be modified to provide a school district with the proper amount
 2 to which the district may be entitled by law and to correct errors
 3 in the allocation or distribution of funds. If an installment
 4 under this section is required to be equal to other installments,
 5 the amount of other installments may be adjusted to provide for
 6 that equality. A payment under this section is not invalid because
 7 it is not equal to other installments.

8 SUBCHAPTER H. GUARANTEED YIELD PROGRAM (TIER TWO)

9 Sec. 16.301. PURPOSE. The purpose of the guaranteed yield
 10 component of the Foundation School Program is to provide each
 11 school district with the opportunity to supplement the basic
 12 program at a level of its own choice and with access to additional
 13 funds for facilities. An allotment under this subchapter may be
 14 used for any legal purpose, including capital outlay and debt
 15 service.

16 Sec. 16.302. ALLOTMENT. ~~[(a)]~~ Each school district is
 17 guaranteed a specified amount per weighted student in state and
 18 local funds for each cent of tax effort over that required for the
 19 district's local fund assignment ~~[of-the-county-education--district~~
 20 ~~in--which--the--school-district-is-located]~~ up to the maximum level
 21 specified in this subchapter. The amount of state support, subject
 22 ~~[only]~~ to the maximum amount under Section 16.303 of this code, is
 23 determined by the formula:

$$24 \quad GYA = (GL \times WADA \times DTR \times 100) - LR$$

25 where:

26 "GYA" is the guaranteed yield amount of state funds to be
 27 allocated to the district;

"GL" is the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort, which is \$22 [~~\$21.50--for--the--1991-1992--school-year, \$22.50-for-the-1992-1993 school-year, \$26-for-the-1993-1994-school-year, and--\$28--for--each school--year--thereafter,~~] or a greater amount for any year provided by appropriation, or a greater amount adopted by the foundation school fund budget committee under Section 16.256(d) of this code [~~for-the-1993-1994-or-1994-1995-school-year-or--thereafter~~];

"WADA" [~~7--except-as-provided-by-Section-16.206-of-this--code,~~] is the number of weighted students in average daily attendance, which is calculated by dividing the sum of the school district's allotments under Subchapters C and D of this chapter, less any allotments to the district for transportation, career ladder supplements, or technology and 50 percent of the adjustment under Section 16.102 of this code, by the basic allotment for the applicable year;

"DTR" is the district enrichment and facilities tax rate of the school district, which is determined by subtracting the district's local fund assignment from [~~dividing~~] the total amount of taxes collected by the school district for the applicable school year and dividing the difference by the quotient of the district's taxable value of property as determined under Section 11.86 of this code divided by 100; and

"LR" is the local revenue, which is determined by multiplying "DTR" by the quotient of the district's taxable value of property as determined under Section 11.86 of this code divided by 100.

[~~(b)--Beginning--with--the--1993-1994--school--year,--if--the~~]

1 program-cost-differentials-developed--jointly--by--the--Legislative
 2 Education--Board--and--the--Legislative--Budget-Board-under-Section
 3 16.203-of-this-code--and--the--adjustments--studied--under--Section
 4 16.206--of--this-code-are-not-adopted-by-the-foundation-school-fund
 5 budget-committee-or--the--commissioner--of--education,--the--amount
 6 guaranteed--under-this-section-is-an-amount-per-student-rather-than
 7 per--weighted--student--and--a--school--district's--average--daily
 8 attendance-{"ADA"}-under-Section-16.006-of-this-code-is-substituted
 9 for-"WADA"-in-the-formula-under-Subsection-(a)-of-this-section.]

10 Sec. 16.303. LIMITATION ON ENRICHMENT AND FACILITIES TAX
 11 RATE. The district enrichment and facilities tax rate ("DTR")
 12 under Section 16.302 of this code may not exceed \$0.42 per \$100 of
 13 valuation, [\$0.45] or a greater amount [~~for-1993-1994-and-1994-1995~~
 14 ~~school-years-or-thereafter-as]~~ adopted by the foundation school
 15 fund budget committee under Section 16.256(d) of this code.

16 Sec. 16.304. COMPUTATION OF AID FOR DISTRICT ON MILITARY
 17 RESERVATION OR AT STATE SCHOOL. State assistance under this
 18 subchapter for a school district located on a federal military
 19 installation or at Moody State School is computed using the average
 20 tax rate and property value per student of school districts in the
 21 county, as determined by the commissioner of education.

22 SUBCHAPTER I. CAPITAL OUTLAY AND DEBT SERVICE

23 Sec. 16.401. INVENTORY OF SCHOOL FACILITIES. (a) The State
 24 Board of Education shall establish a statewide inventory of school
 25 facilities and shall update the inventory on a periodic basis.

26 (b) The inventory shall include information on the
 27 condition, use, type, and replacement cost of public school

1 facilities in this state.

2 Sec. 16.402. STANDARDS. The State Board of Education shall
3 establish standards for adequacy of school facilities. The
4 standards shall include requirements related to space, educational
5 adequacy, and construction quality. All facilities constructed
6 after September 1, 1992, must meet the standards in order to be
7 financed with state or local tax funds.

8 Sec. 16.403. ADVISORY COMMITTEE. The State Board of
9 Education shall appoint a committee composed of 15 persons
10 knowledgeable of various aspects of school facility planning,
11 construction, renovation, and financing. The advisory committee
12 shall provide the board and the commissioner with assistance on the
13 development of the inventory system, the creation of facility
14 standards, and the conduct of facility research related to current
15 and future roles of the state in the provision of financial and
16 technical assistance to school districts. The members of the
17 committee shall serve without compensation but may be reimbursed
18 for actual and necessary expenses.

19 [SUBCHAPTER-J--COUNTY-EDUCATION-DISTRICT-DISTRIBUTIONS

20 [Sec--16.501--TIER--ONE--(a)--The-commissioner-of-education
21 shall-notify-each-county-education-district-of-the-total-amount--of
22 funds-that-each-school-district-in-the-county-education-district-is
23 entitled--to--receive--under--tier--one--of--the--Foundation-School
24 Program-

25 [(b)--For-tier-one, the-board--of--trustees--of--each--county
26 education--district--shall--distribute-the-funds-collected-from-the
27 tax-levied-by-the-county-education-district-under-Section-20.945-of

1 this-code-to-the-school-districts-in-the-county-on-the-basis-of-the
 2 component-districts'-share-of-the-taxable-value-of-property-of--the
 3 county--education--district--with--the--provision-that-no-component
 4 district-shall-receive-funds-in-excess-of-the-cost-of-tier-one-less
 5 the-distribution-of-the-available-school-fund.

6 [(c)(1)--Notwithstanding-Subsection-(b)-of-this-section,--for
 7 the--1991-1992, 1992-1993, and 1993-1994-school-years,--for-tier-one
 8 the-board-of-trustees--of--each--county--education--district--shall
 9 distribute--the--funds--collected-from-the-tax-levied-by-the-county
 10 education-district-under-Section-20.945-of-this-code-to-the--school
 11 districts-in-the-county-education-district-as-follows:

12 [(A)--to--those--school--districts--that--did-not
 13 receive-foundation-school-funds-for-the-1990-1991--school--year--in
 14 which--the--amount-of-revenue-per-weighted-student-from-local-funds
 15 and-the-available-school-fund-for-the-1990-1991-school-year-exceeds
 16 the-total-amount-of-revenue--per--weighted--student--to--which--the
 17 district--is--entitled-under-the-Foundation-School-Program-at-a-tax
 18 rate-equal-to-the-maximum-tax-rate-authorized-under--Section--20.09
 19 of--this--code,--the--county-education-district-shall-distribute-an
 20 amount-equal-to-the-difference-between-the-amount--of--revenue--per
 21 weighted--student-in-the-district-in-the-1990-1991-school-year-from
 22 local-funds-and-the-available-school-fund-and-the-levy-that-results
 23 from-the-application-of-the-maximum-rate-authorized--under--Section
 24 20.09-of-this-code-to-the-district's-taxable-value-of-property,--and

25 [(B)--the--county--education--district--shall
 26 apportion--the--remaining-funds-collected-from-the-tax-levy-to-each
 27 school-district-in-the-county-education-district-on--the--basis--of

1 the--component-districts'-share-of-the-taxable-value-of-property-of
2 the-county-education-district-with-the-provision-that-no--component
3 district-shall-receive-funds-in-excess-of-the-cost-of-tier-one-less
4 the-distribution-of-the-available-school-fund.

5 [(2) -- This subsection expires September 17, 1994.

6 [(d) -- If--the--total-amount-available-for-distribution-by-the
7 county-education-district-exceeds-the-county--education--district's
8 local-share-under-Section-16.252-of-this-code, the-county-education
9 district--shall--retain--the--excess--amount--for--distribution--in
10 succeeding-years.

11 [(e) -- If--the--total-amount-available-for-distribution-by-the
12 county--education--district--is--less--than--the--county--education
13 district's-local-share-under--Section--16.252--of--this--code, the
14 distributions-shall-be-made-under-rules-adopted-by-the-commissioner
15 of-education.

16 [Sec.-16.502.--COLLECTION--AND--DISTRIBUTION--SCHEDULES.--The
17 commissioner-of--education--shall--establish--a--schedule--for--the
18 distribution---of---funds---to--each--school--district--under--this
19 subchapter.

20 [Sec.-16.503.--DEFINITION.----In--this--subchapter,--"taxable
21 value-of-property"--is-the-value-determined-under-Section--11.86--of
22 this-code.]

23 SECTION 2.02. Sections 14.063(b) and (e), Education Code,
24 are amended to read as follows:

25 (b) Each school district is entitled to an annual allotment
26 for the purposes provided under Section 14.064 of this code equal
27 to its unadjusted average daily attendance multiplied by[:

1 ~~[(1)] \$30 [for-the-1992-1993-school-year, or-a-greater~~
2 ~~amount-provided-by-appropriation;~~

3 ~~[(2)--\$35-for-the-1993-1994-school-year, or--a--greater~~
4 ~~amount-provided-by-appropriation;~~

5 ~~[(3)--\$40--for--the-1994-1995-school-year, or-a-greater~~
6 ~~amount-provided-by-appropriation;~~

7 ~~[(4)--\$45-for-the-1995-1996-school-year, or--a--greater~~
8 ~~amount-provided-by-appropriation; and~~

9 ~~[(5)--\$50--for--the--1996-1997-school-year-and-for-each~~
10 ~~school--year--thereafter], or a greater amount provided by~~
11 ~~appropriation.~~

12 (e) If an insufficient amount is available in the fund for
13 the state's share of the allotments under Subsection (b) of this
14 section, the agency shall reduce each district's allotment in the
15 same manner described for a reduction in allotments [by-application
16 of-the-formula-adopted] under Section 16.254 ~~[(16.254(d))]~~ of this
17 code.

18 SECTION 2.03. Sections 20.09(a) and (b), Education Code, are
19 amended to read as follows:

20 (a) A ~~[Except-as-provided-by-Subsections-(c)-and-(d)-of-this~~
21 ~~section,--a]~~ school district may not impose a total tax rate on the
22 \$100 valuation of taxable property that ~~[results-in--a--levy--that]~~
23 exceeds \$1.50 minus the local fund assignment tax rate required
24 under Section 16.252 of this code. ~~[the--levy--that--results--from~~
25 ~~applying--the--following--rate--to--the-district's-taxable-value-of~~
26 ~~property-as-determined-under-Section-11.86-of-this-code;~~

27 ~~[(1)--\$0.78-for-the-1991-tax-year;~~

1 ~~[+2)--\$0.68-for-the-1992-tax-year;~~
 2 ~~[+3)--\$0.58-for-the-1993-tax-year;-and~~
 3 ~~[+4)--\$0.50-for-each-subsequent-tax-year.]~~

4 (b) A district may impose taxes under this chapter on the
 5 residence homestead of a person whose taxes for general elementary
 6 and secondary public school purposes are limited under Article
 7 VIII, Section 1-b(d), of the Texas Constitution, only to the extent
 8 that the imposition, when added to the taxes imposed on the
 9 homestead by the school ~~[county-education]~~ district for the local
 10 fund assignment, does not increase the person's tax liability for
 11 those purposes in violation of the constitutional limit.

12 SECTION 2.04. Section 26.08, Tax Code, is amended to read
 13 as follows:

14 Sec. 26.08. ELECTION TO LIMIT SCHOOL TAXES. (a) If the
 15 governing body of a school district adopts a rate that exceeds the
 16 sum of the district's effective maintenance rate, the rate of \$0.06
 17 ~~[\$0.00]~~, and the district's current debt rate, the qualified voters
 18 of the district at ~~[by-petition-may-require-that]~~ an election ~~[be]~~
 19 held for that purpose must ~~[to]~~ determine whether or not to limit
 20 the tax rate the governing body may adopt for the following year.
 21 When increased expenditure of funds by a school district is
 22 necessary to respond to a disaster, such as a tornado, hurricane,
 23 flood, or other calamity (not including a drought) which has
 24 impacted a school district and the governor has requested federal
 25 disaster assistance for the area in which the school district is
 26 located, an election ~~[a--petition]~~ is not required ~~[valid]~~ under
 27 this section to repeal a tax increase adopted the next time the

1 district adopts a tax rate after the date the disaster occurs.

2 (b) The [~~A-petition-is-valid-only-if-~~

3 [~~(1)--it--states--that--it--is--intended--to--require--an~~
4 ~~election-in-the-school-district-on-the-question-of-limiting-the-tax~~
5 ~~rate-for-the-following-year;~~

6 [~~(2)--it-is-signed-by-a-number-of-qualified--voters--of~~
7 ~~the--school--district-equal-to-at-least-10-percent-of-the-number-of~~
8 ~~qualified-voters-of-the--district--according--to--the--most--recent~~
9 ~~official--list--of--qualified-voters-not-counting-the-signatures-of~~
10 ~~voters--gathered--by--a--person--who--received---compensation---for~~
11 ~~circulating-the-petition;-and~~

12 [~~(3)--it--is--submitted--to--the--governing--body-on-or~~
13 ~~before-the-90th-day-after-the-date--on--which--the--governing--body~~
14 ~~adopted-the-tax-rate-for-the-current-year-~~

15 [~~(c)--Not-later-than-the-20th-day-after-the-day-a-petition-is~~
16 ~~submitted;-the--governing--body-shall-determine-whether-or-not-the~~
17 ~~petition-is-valid-and-pass-a-resolution-stating--its--finding;---If~~
18 ~~the--governing--body--fails--to--act--within--the-time-allowed;-the~~
19 ~~petition-is-treated-as-if-it-had-been-found-valid-~~

20 [~~(d)--If-the~~] governing body [~~finds--that--the--petition--is~~
21 ~~valid--(or--fails--to-act-within-the-time-allowed);-it~~] shall order
22 that the [~~an~~] election be held in the school district on a date not
23 less than 30 or more than 90 days after the [~~last~~] day on which it
24 adopted the tax rate [~~could-have-acted-to-approve-or-disapprove-the~~
25 ~~petition~~]. A state law requiring local elections to be held on a
26 specified date does not apply to the election unless a specified
27 date falls within the time permitted by this section. At the

election, the ballots shall be prepared to permit voting for or against the proposition: "Limiting the ad valorem tax rate in (name of school district) for (the following year)."

(c) [†e†] If a majority of the qualified voters voting on the question in the election favor the proposition, the governing body may not adopt a tax rate in the following year that exceeds the rollback tax rate calculated for that year using the following formula:

$$\text{ROLLBACK TAX RATE} = ((\text{EFFECTIVE MAINTENANCE AND OPERATIONS RATE FOR ELECTION YEAR}) + \$0.06 [\$0.08]) + \text{CURRENT DEBT RATE}$$

where "election year" denotes amounts used in calculating the rollback tax rate in the year in which the tax increase that required [initiated] the election [referendum] occurred rather than the year in which the calculation occurs.

(d) [†f†] For purposes of this section, local tax funds dedicated to a junior college district under Section 20.48(e), [Texas] Education Code, shall be eliminated from the calculation of the tax rate adopted by the governing body of the school district. However, the funds dedicated to the junior college district are subject to Section 26.085 of this code.

(e) [†g†] If a school district is certified by the commissioner of education under Section 16.251(c), Education Code, to have been subject to a reduction in total revenue for the school year ending on August 31 of the tax year:

(1) the district's effective maintenance and operations rate for the tax year is calculated as provided by Section 26.012, except that last year's levy is reduced by the

amount of taxes imposed in the preceding year, if any, to offset the amount of any reduction certified by the commissioner of education under Section 16.251(c), Education Code, for the school year ending on August 31 of the preceding year; and

(2) the district's rollback tax rate for the tax year calculated as provided by Section 26.04 or by Subsection (c) [te] of this section, as applicable, is increased by the tax rate that, if applied to the current total value for the school district, would impose taxes in an amount equal to the amount of the reduction certified by the commissioner of education under Section 16.251(c), Education Code, for the school year ending on August 31 of the tax year.

(f) [ti] If a school district, [is--certified--by--the commissioner-of-education] under Section 16.254(h) [t6:254te], Education Code, is [to-have-been] subject to a reduction in state funds for the school year ending on August 31 of the tax year:

(1) the district's effective maintenance and operations rate for the tax year is calculated as provided by Section 26.012, except that last year's levy is reduced by the amount of taxes imposed in the preceding year, if any, to offset the amount of any reduction in state funds [certified--by--the commissioner-of-education] under Section 16.254(h), Education Code, for the school year ending on August 31 of the preceding year; and

(2) the district's rollback tax rate for the tax year calculated as provided by Section 26.04 or by Subsection (c) [te] of this section, as applicable, is increased by the tax rate that, if applied to the current total value for the school district,

1 would impose taxes in an amount equal to the amount of the
2 reduction in state funds [~~certified--by--the--commissioner---of~~
3 ~~education~~] under Section 16.254(h), Education Code, for the school
4 year ending on August 31 of the tax year.

5 (g) [~~+~~+] In a school district that received distributions
6 from an equalization tax imposed under Chapter 18, Education Code,
7 the effective rate of that tax as of the date of the county-unit
8 system's abolition is added to the district's effective maintenance
9 and operations rate under Subsections (a) and (c) [~~+~~+] of this
10 section in the calculation of the district's rollback tax rate.

11 (h) Notwithstanding Subsection (a), an election to limit
12 taxes under this section for the 1993 tax year is not required
13 unless the governing body of the school district adopts a tax rate
14 that exceeds the sum of:

- 15 (1) the district's effective maintenance rate;
- 16 (2) the rate of \$0.06;
- 17 (3) the district's current debt rate; and
- 18 (4) the rate that, applied to the district's current
19 total value, would impose taxes in an amount equal to the amount of
20 county education district taxes received by the school district for
21 the 1992-1993 school year.

22 (i) For the 1993 tax year, the rollback tax rate of a school
23 district calculated under Subsection (c) is increased by the rate
24 that, applied to the district's current total value, would impose
25 taxes in an amount equal to the amount of county education district
26 taxes received by the school district for the 1992-1993 school
27 year.

(j) This subsection and Subsections (h) and (i) expire
January 1, 1995.

ARTICLE 3

SECTION 3.01. Subchapter H, Chapter 21, Education Code, is amended by adding Section 21.259 to read as follows:

Sec. 21.259. DISTRICT REPORT CARD. (a) Not later than December 1 of each year, the Central Education Agency shall prepare and distribute to each school district a district report card. A district report card must:

(1) be based on the most current data available;

(2) for each performance indicator listed in

Subsection (b) of this section, compare the district to three other

school districts randomly chosen by the agency that:

(A) have a similar ratio of taxable property per
student; and

(B) have a similar number of students, with
substantially similar demographics; and

(3) be clearly and concisely written and without
extraneous information.

(b) The performance indicators must compare school districts
based on:

(1) student performance on a criterion-referenced
assessment instrument administered under Section 21.551;

(2) student performance on a norm-referenced
assessment instrument administered under Section 21.551;

(3) dropout rates in grades seven through 12;

(4) student/teacher ratios in kindergarten through

1 grade four;

2 (5) administrative, instructional, and total
3 expenditures per student; and

4 (6) a statement of the amount, if any, by which the
5 district exceeded its administrative cost ratio as provided by
6 Section 16.2551.

7 (c) The commissioner of education shall adopt rules for
8 implementing an objective comparison of the performance indicators
9 listed in Subsection (b), including the uniform computation of
10 dropout rates and administrative and instructional expenditures.

11 (d) Not later than the last day of the school year, a school
12 district shall deliver a copy of the district's report card to the
13 parent of or person standing in parental relation to each student
14 in the district with the student's grade notice under Section
15 21.722.

16 SECTION 3.02. Subchapter O, Chapter 21, Education Code, is
17 amended by adding Section 21.562 to read as follows:

18 Sec. 21.562. OPTIONAL EXTENDED YEAR PROGRAM. (a) A school
19 district may apply to the commissioner of education for approval to
20 provide an extended year program for a period not to exceed 45 days
21 for students in kindergarten through grade level eight who would
22 otherwise not be promoted.

23 (b) In order to provide the funding necessary for a program
24 approved under this section, with the approval of the commissioner,
25 a school district may provide a number of days of instruction for
26 students during the regular school term that is up to five days
27 less than the number otherwise required under Section 16.052(a).

(c) The commissioner may adopt rules for the administration of programs provided under this section.

Section 3.03. Section 21.032(c), Education Code, is amended to read as follows:

(c) Unless specifically exempted by Section 21.033 of this code, a student enrolled in a public school district must attend an extended year program for which the student is eligible that is provided by the district for students identified as likely not to be promoted to the next grade level or tutorial classes required by the district under Section 21.103(b) of this code. A district shall provide transportation services to each student required under this section to attend an extended year program who would be eligible for transportation services during a regular school term. A school district is not required to provide transportation services to accommodate ~~[such]~~ students required under this section to attend tutorial classes.

ARTICLE 4

SECTION 4.01. Section 11.86(a), Education Code, is amended to read as follows:

(a) The comptroller shall conduct an annual study using comparable sales and generally accepted auditing and sampling techniques to determine the total value of all taxable property in each ~~[county-education]~~ school district ~~[and-each-of-its--component school--districts]~~. The study shall determine the taxable value of all property and of each category of property within the district and the productivity value of all land that qualifies for appraisal on the basis of its productive capacity and for which the owner has

1 applied for and received a productivity appraisal. In conducting
 2 the study, the comptroller shall review the appraisal standards,
 3 procedures, and methodology used by each appraisal district to
 4 determine the taxable value of property in each school district.
 5 The review must test the validity of the taxable values assigned to
 6 each category of property by the appraisal district:

7 (1) using, if appropriate, samples selected through
 8 generally accepted sampling techniques; and

9 (2) according to generally accepted standard
 10 valuation, statistical compilation, and analysis techniques. If
 11 the comptroller finds in the annual study that generally accepted
 12 appraisal standards and practices were used by the appraisal
 13 district in valuing a particular category of property, and that the
 14 taxable values assigned to each category of property by the
 15 appraisal district are valid, the appraisal roll value of that
 16 category of property is presumed to represent taxable value. In
 17 the absence of such a presumption, the comptroller shall estimate
 18 the taxable value of that category of property using generally
 19 accepted standard valuation, statistical compilation, and analysis
 20 techniques. For the purposes of this section, "taxable value"
 21 means market value less:

22 (1) the total dollar amount of any exemptions of part
 23 but not all of the value of taxable property required by the
 24 constitution or a statute that a district lawfully granted in the
 25 year that is the subject of the study;

26 (2) the total dollar amount of any exemptions granted
 27 within a reinvestment zone under agreements authorized by the

1 Property Redevelopment and Tax Abatement Act (Chapter 312, Tax
2 Code);

3 (3) the total dollar amount of any captured appraised
4 value of property that is located in a reinvestment zone and that
5 is eligible for tax increment financing under the Tax Increment
6 Financing Act (Chapter 311, Tax Code);

7 (4) the total dollar amount of any exemptions granted
8 under Section 11.251, Tax Code;

9 (5) the difference between the market value and the
10 productivity value of land that qualifies for appraisal on the
11 basis of its productive capacity, except that the productivity
12 value may not exceed the fair market value of the land;

13 (6) the portion of the appraised value of residence
14 homesteads of the elderly on which school district taxes are not
15 imposed in the year that is the subject of the study, calculated as
16 if the residence homesteads were appraised at the full value
17 required by law;

18 (7) a portion of the market value of property not
19 otherwise fully taxable by the district at market value because of
20 action required by statute or the Texas Constitution that, if the
21 tax rate adopted by the district is applied to it, produces an
22 amount equal to the difference between the tax that the district
23 would have imposed on the property if the property were fully
24 taxable at market value and the tax that the district is actually
25 authorized to impose on the property; and

26 (8) the market value of all tangible personal
27 property, other than manufactured homes, owned by a family or

individual and not held or used for the production of income.

SECTION 4.02. Section 21.558, Education Code, is amended to read as follows:

Sec. 21.558. COST. The cost of preparing, administering, or grading the assessment instruments shall be paid from the compensatory aid provided by Section 16.152 of this code, and each district shall bear the cost in the same manner described for a reduction in allotments under Section 16.254 [~~on-the-basis--of--the number--of--students--in--the--district-to-whom-the-instruments-are administered~~]. If a district does not receive an allocation of compensatory aid, the commissioner of education shall subtract the cost from the district's other foundation school fund allocations.

SECTION 4.03. Section 317.005(f), Government Code, is amended to read as follows:

(f) The governor or board may adopt an order under this section withholding or transferring any portion of the total amount appropriated to finance the foundation school program for a fiscal year. The governor or board may not adopt such an order if it would result in an allocation of money between particular programs or statutory allotments under the foundation school program contrary to the statutory proration formula provided by Section 16.254(h) [~~16.254(d)~~], Education Code. The governor or board may transfer an amount to the total amount appropriated to finance the foundation school program for a fiscal year and may increase the basic allotment. The governor or board may adjust allocations of amounts between particular programs or statutory allotments under the foundation school program only for the purpose of conforming

1 the allocations to actual pupil enrollments or attendance.

2 SECTION 4.04. Section 1.04(12), Tax Code, is amended to read
3 as follows:

4 (12) "Taxing unit" means a county, an incorporated
5 city or town (including a home-rule city), a school district, [~~a~~
6 ~~county--education--district,~~] a special district or authority
7 (including a junior college district, a hospital district, a
8 district created by or pursuant to the Water Code, a mosquito
9 control district, a fire prevention district, or a noxious weed
10 control district), or any other political unit of this state,
11 whether created by or pursuant to the constitution or a local,
12 special, or general law, that is authorized to impose and is
13 imposing ad valorem taxes on property even if the governing body of
14 another political unit determines the tax rate for the unit or
15 otherwise governs its affairs.

16 SECTION 4.05. Section 6.02, Tax Code, is amended by amending
17 Subsections (b) and (f) and adding Subsection (g) to read as
18 follows:

19 (b) A taxing unit [~~other-than-a-county-education-district~~]
20 that has boundaries extending into two or more counties may choose
21 to participate in only one of the appraisal districts. In that
22 event, the boundaries of the district chosen extend outside the
23 county to the extent of the unit's boundaries. To be effective,
24 the choice must be approved by resolution of the board of directors
25 of the district chosen. The choice of a school district to
26 participate in a single appraisal district does not apply to
27 property annexed to the school district under Subchapter C, Chapter

1 36, Education Code, unless:

2 (1) the school district taxes property other than
 3 property annexed to the district under Subchapter C, Chapter 36,
 4 Education Code, in the same county as the annexed property; or

5 (2) the annexed property is contiguous to property in
 6 the school district other than property annexed to the district
 7 under Subchapter C, Chapter 36, Education Code.

8 (f) All costs of operating an appraisal district in
 9 territory outside the county for which the appraisal district is
 10 established are allocated to the taxing unit for which the
 11 appraisal district appraises property in ~~[that-chooses-to-add]~~ that
 12 territory ~~[to-the-district]~~. If the appraisal district appraises
 13 property in the same territory for two or more taxing units ~~[add~~
 14 ~~the-same-territory-to-an-appraisal-district]~~, costs of operating
 15 the district in that territory are allocated to the units in the
 16 proportion the total dollar amount of taxes each unit imposes in
 17 that territory bears to the total dollar amount of taxes all taxing
 18 units participating in the appraisal district impose in that
 19 territory.

20 (g) If property is annexed to a school district under
 21 Subchapter C, Chapter 36, Education Code, the appraisal district
 22 established for the county in which the property is located shall
 23 appraise the property for the school district, and the school
 24 district participates in that appraisal district for purposes of
 25 the appraisal of that property, except as otherwise permitted by
 26 Subsection (b). ~~[A-county-education-district-that--has--boundaries~~
 27 ~~extending--into--two--or--more--counties--must--participate-in-each~~

1 ~~appraisal-district-in-which-one-of-its-component--school--districts~~
2 ~~participates--for--purposes--of--appraisal--of--the-component-school~~
3 ~~district's-territory-]~~

4 SECTION 4.06. Sections 6.03(c)-(e), Tax Code, are amended to
5 read as follows:

6 (c) Members of the board of directors are appointed by vote
7 of the governing bodies of the incorporated cities and towns, the
8 school districts [~~other-than-the-county-education--district~~], and,
9 if entitled to vote, the conservation and reclamation districts
10 that participate in the district and of the county. A governing
11 body may cast all its votes for one candidate or distribute them
12 among candidates for any number of directorships. Conservation and
13 reclamation districts are not entitled to vote unless at least one
14 conservation and reclamation district in the district delivers to
15 the chief appraiser a written request to nominate and vote on the
16 board of directors by June 1 of each odd-numbered year. On receipt
17 of a request, the chief appraiser shall certify a list by June 15
18 of all eligible conservation and reclamation districts that are
19 imposing taxes and that participate in the district.

20 (d) The voting entitlement of a taxing unit that is entitled
21 to vote for directors is determined by dividing the total dollar
22 amount of property taxes imposed in the district by the taxing unit
23 for the preceding tax year by the sum of the total dollar amount of
24 property taxes imposed in the district for that year by each taxing
25 unit that is entitled to vote, by multiplying the quotient by
26 1,000, and by rounding the product to the nearest whole number.
27 That number is multiplied by the number of directorships to be

filled. [~~For--a--school--district,--the--total--dollar-amount-of~~
~~property-taxes-imposed-in-the-district-by-the-unit-is-considered-to~~
~~be-the-sum-of-the-taxes-imposed-by-the--district--and--the--revenue~~
~~received--by--the--district-from-the-county-education-district.~~] A
taxing unit participating in two or more districts is entitled to
vote in each district in which it participates, but only the taxes
imposed in a district are used to calculate voting entitlement in
that district.

(e) The chief appraiser shall calculate the number of votes
to which each taxing unit other than a conservation and reclamation
district is entitled and shall deliver written notice to each of
those units of its voting entitlement before October 1 of each
odd-numbered year. The chief appraiser shall deliver the notice:

(1) to the county judge and each commissioner of the
county served by the appraisal district;

(2) to the presiding officer of the governing body of
each city or town participating in the appraisal district, to the
city manager of each city or town having a city manager, and to the
city secretary or clerk, if there is one, of each city or town that
does not have a city manager; and

(3) to the presiding officer of the governing body of
each school district[~~7--other-than-the-county--education--district,7~~]
participating in the district and to the superintendent of those
school districts.

SECTION 4.07. Sections 6.06(d) and (h), Tax Code, are
amended to read as follows:

(d) Each taxing unit participating in the district[~~7--other~~

~~than-a-county-education-district,~~] is allocated a portion of the amount of the budget equal to the proportion that the total dollar amount of property taxes imposed in the district by the unit for the tax year in which the budget proposal is prepared bears to the sum of the total dollar amount of property taxes imposed in the district by each participating unit for that year. ~~[For-a-school-district,-other-than-a-county-education-district,-the-total-dollar-amount--of--property--taxes--imposed-in-the-district-by-the-unit-is-considered-to-be-the-sum-of-the-taxes-imposed-by-the--district--and-the--revenue--received--by--the--district-from-the-county-education-district.]~~ If a taxing unit participates in two or more districts, only the taxes imposed in a district are used to calculate the unit's cost allocations in that district. If the number of real property parcels in a taxing unit is less than 5 percent of the total number of real property parcels in the district and the taxing unit imposes in excess of 25 percent of the total amount of the property taxes imposed in the district by all of the participating taxing units for a year, the unit's allocation may not exceed a percentage of the appraisal district's budget equal to three times the unit's percentage of the total number of real property parcels appraised by the district.

(h) If a newly formed taxing unit or a taxing unit that did not impose taxes in the preceding year~~[-other-than-a-county-education-district,~~] imposes taxes in any tax year, that unit is allocated a portion of the amount budgeted to operate the district as if it had imposed taxes in the preceding year, except that the amount of taxes the unit imposes in the current year is used to

1 calculate its allocation. Before the amount of taxes to be imposed
 2 for the current year is known, the allocation may be based on an
 3 estimate to which the district board of directors and the governing
 4 body of the unit agree, and the payments made after that amount is
 5 known shall be adjusted to reflect the amount imposed. The
 6 payments of a newly formed taxing unit that has no source of funds
 7 are postponed until the unit has received adequate tax or other
 8 revenues.

9 SECTION 4.08. Sections 11.13(d), (e), (m), and (n), Tax
 10 Code, are amended to read as follows:

11 (d) In addition to the exemptions provided by Subsections
 12 (b) and (c) of this section, an individual who is disabled or is 65
 13 or older is entitled to an exemption from taxation by a taxing unit
 14 of a portion (the amount of which is fixed as provided by
 15 Subsection (e) of this section) of the appraised value of his
 16 residence homestead if the exemption is adopted either:

17 (1) by the governing body of the taxing unit [~~other~~
 18 ~~than-a-county-education-district~~]; or

19 (2) by a favorable vote of a majority of the qualified
 20 voters of the taxing unit at an election called by the governing
 21 body of a taxing unit [~~other-than-a-county-education-district~~], and
 22 the governing body shall call the election on the petition of at
 23 least 20 percent of the number of qualified voters who voted in the
 24 preceding election of the taxing unit[~~or~~

25 [~~(3)--by--a--favorable--vote--of--a--majority--of---the~~
 26 ~~qualified-voters-of-a-county-education-district-at-an-election-held~~
 27 ~~under-Section-20.9507-Education-Code~~].

1 (e) The amount of an exemption adopted as provided by
2 Subsection (d) of this section is \$3,000 of the appraised value of
3 the residence homestead unless a larger amount is specified by:

4 (1) the governing body authorizing the exemption if
5 the exemption is authorized as provided by Subdivision (1) of
6 Subsection (d) of this section; or

7 (2) the petition for the election if the exemption is
8 authorized as provided by Subdivision (2) of Subsection (d) of this
9 section[~~7-or~~

10 [~~(3)--the-proposition--approved--at--an--election--held~~
11 ~~under-Section-20-9507--Education-Code~~].

12 (m) In this section:

13 (1) "Disabled" means under a disability for purposes
14 of payment of disability insurance benefits under Federal Old-Age,
15 Survivors, and Disability Insurance.

16 (2) "School district" means a political subdivision
17 organized to provide general elementary and secondary public
18 education. [~~"School-district"--includes-a-county-education-district~~
19 ~~established-by-the-consolidation-of-the-local-school--districts--in~~
20 ~~its--boundaries--for-the-limited-purpose-of-exercising-a-portion-of~~
21 ~~the-taxing-power-previously--authorized--by--the--voters--in--those~~
22 ~~school--districts-]~~ "School district" does not include a junior
23 college district or a political subdivision organized to provide
24 special education services.

25 (n) In addition to any other exemptions provided by this
26 section, an individual is entitled to an exemption from taxation by
27 a taxing unit [~~other--than--a--county--education--district~~] of a

percentage of the appraised value of his residence homestead if the exemption is adopted by the governing body of the taxing unit before May 1 in the manner provided by law for official action by the body. If the percentage set by the taxing unit produces an exemption in a tax year of less than \$5,000 when applied to a particular residence homestead, the individual is entitled to an exemption of \$5,000 of the appraised value. The percentage adopted by the taxing unit may not exceed 20 percent. [~~In-addition-to--any other--exemptions--provided--by--this--section,--an--individual--is entitled--to--an--exemption--from--taxation--by--a-county-education district-of-a-percentage-of-the-appraised-value--of--his--residence homestead-if-the-exemption-is-adopted-by-the-voters-of-the-district at--an-election-held-in-the-district-for-that-purpose-under-Section 20:946,--Education-Code.~~] If the percentage set by the voters produces an exemption in a tax year of less than \$5,000 when applied to a particular residence homestead, the individual is entitled to an exemption of \$5,000 of the appraised value. The percentage adopted by the voters may not exceed 20 percent.

SECTION 4.09. Sections 11.14(c) and (e), Tax Code, are amended to read as follows:

(c) The governing body of a taxing unit, [~~other-than-a county-education-district,~~] by resolution or order, depending upon the method prescribed by law for official action by that governing body, may provide for taxation of tangible personal property exempted under Subsection (a). [~~The-voters-of-a-county-education district,--by-an-election-held-under-Section-20:951,--Education-Code, may-provide-for-taxation-of--tangible--personal--property--exempted~~

~~under--Subsection--(a)--~~] If a taxing unit provides for taxation of tangible personal property as provided by this subsection, the exemption prescribed by Subsection (a) does not apply to that unit.

(e) A political subdivision [~~other-than-a-county-education district~~] choosing to tax property otherwise made exempt by this section, pursuant to Article VIII, Section 1(e), of the Texas Constitution, may not do so until the governing body of the political subdivision has held a public hearing on the matter, after having given notice of the hearing at the times and in the manner required by this subsection, and has found that the action will be in the public interest of all the residents of that political subdivision. At the hearing, all interested persons are entitled to speak and present evidence for or against taxing the property. Not later than the 30th day prior to the date of a hearing held under this subsection, notice of the hearing must be:

(1) published in a newspaper having general circulation in the political subdivision and in a section of the newspaper other than the advertisement section;

(2) not less than one-half of one page in size; and

(3) republished on not less than three separate days during the period beginning with the 10th day prior to the hearing and ending with the actual date of the hearing.

SECTION 4.10. Section 21.01, Tax Code, is amended to read as follows:

Sec. 21.01. REAL PROPERTY. Real property is taxable by a taxing unit if located in the unit on January 1, except as provided by Subchapter C, Chapter 36, Education Code.

1 SECTION 4.11. Section 25.25, Tax Code, is amended by adding
2 Subsection (h) to read as follows:

3 (h) The chief appraiser shall change the appraisal records
4 and school district appraisal rolls promptly to reflect the
5 detachment and annexation of property among school districts under
6 Subchapter C, Chapter 36, Education Code.

7 SECTION 4.12. The following provisions are repealed:

8 (1) Section 1.05 and Subchapter G, Chapter 20,
9 Education Code;

10 (2) Sections 6.061(f), 26.12(e), and 312.002(e) and
11 (f), Tax Code.

12 SECTION 4.13. Effective September 1, 1993, each county
13 education district created under Section 2, Chapter 20, Acts of the
14 72nd Legislature, Regular Session, 1991, is abolished.

15 SECTION 4.14. (a) On August 31, 1993, each county education
16 district shall transfer its funds to its component school districts
17 in the manner provided by rule of the commissioner of education.

18 (b) On September 1, 1993, any assets of a county education
19 district other than funds are transferred to its component school
20 districts in the manner and amounts provided by rule of the
21 commissioner of education.

22 (c) On September 1, 1993, the contracts and other
23 liabilities of a county education district are transferred to its
24 component school districts in the manner and amounts, including
25 joint obligations, provided by rule of the commissioner of
26 education.

27 (d) The records of the board of a county education district

1 shall be maintained as provided by rule of the commissioner of
2 education.

3 (e) The component school districts of a county education
4 district abolished by this Act may collect and use or distribute
5 taxes imposed by the county education district that are delinquent
6 in the manner provided by rule of the commissioner of education.

7 SECTION 4.15. To the extent that the reenactment of Chapter
8 16, Education Code, by this Act conflicts with another enactment of
9 the 73rd Legislature, Regular Session, 1993, amending a provision
10 of that chapter, the other enactment prevails without regard to the
11 relative dates of enactment.

12 ARTICLE 5

13 SECTION 5.01. (a) Article 1 of this Act and this article
14 take effect immediately.

15 (b) Article 4 of this Act takes effect September 1, 1993.

16 (c) Except as provided by Section 5.02 of this Act, Articles
17 2 and 3 of this Act apply beginning with the 1993-1994 school year.

18 (d) This Act applies to taxes imposed on or after January 1,
19 1993.

20 SECTION 5.02. (a) Section 16.2551, Education Code, as added
21 by this Act, applies to school district administrative costs
22 beginning with the 1994-1995 school year. Not later than September
23 1, 1993, the commissioner of education shall notify each school
24 district of its administrative cost ratio for the 1994-1995 school
25 year, as provided by Section 16.2551, Education Code, as added by
26 this Act. Not later than February 1, 1994, based on a school
27 district's budget information for the 1994-1995 school year

1 reported to the commissioner of education, the commissioner shall
2 notify each district whose budgeted administrative costs for the
3 1994-1995 school year exceed its administrative cost ratio. A
4 school district that exceeds its administrative cost ratio for the
5 1994-1995 school year is subject to a reduction in foundation
6 school fund payments as provided by Section 16.2551, Education
7 Code, as added by this Act, in the 1995-1996 school year.

8 (b) The commissioner of education shall adopt rules under
9 Section 21.259(c), Education Code, as added by this Act, not later
10 than January 1, 1994. The first district report card under Section
11 21.259, Education Code, as added by this Act, is due on or before
12 December 1, 1994.

13 SECTION 5.03. The importance of this legislation and the
14 crowded condition of the calendars in both houses create an
15 emergency and an imperative public necessity that the
16 constitutional rule requiring bills to be read on three several
17 days in each house be suspended, and this rule is hereby suspended,
18 and that this Act take effect and be in force according to its
19 terms, and it is so enacted.

COMMITTEE REPORT

The Honorable Pete Laney
Speaker of the House of Representatives

May 18, 1993
(date)

Sir:

We, your COMMITTEE ON PUBLIC EDUCATION
to whom was referred SB 7 have had the same under consideration and beg to report
(measure)

back with the recommendation that it

() do pass, without amendment.
() do pass, with amendment(s).
(X) do pass and be not printed; a Complete Committee Substitute is recommended in lieu of the original measure.

A fiscal note was requested. (X) yes () no An author's fiscal statement was requested. () yes (X) no

A criminal justice policy impact statement was requested. () yes (X) no

An equalized educational funding impact statement was requested. (X) yes () no

An actuarial impact statement was requested. () yes (X) no

A water development policy impact statement was requested. () yes (X) no

() The Committee recommends that this measure be sent to the Committee on Local and Consent Calendars.

House Sponsor of Senate Measure ~~Representative~~ Linebarger

The measure was reported from Committee by the following vote:

| | AYE | NAY | PNV | ABSENT |
|-----------------|-----|-----|-----|--------|
| Linebarger, Ch. | X | | | |
| Ogden, V.C. | X | | | |
| Dear | X | | | |
| Grusendorf | X | | | |
| Hernandez | X | | | |
| Hochberg | X | | | |
| Johnson | X | | | |
| McCoulskey | X | | | |
| Sadler | X | | | |
| Stiles | X | | | |
| West | X | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |

Total 11
ay
nay
present, not voting
absent

Chairman Linebarger
CHAIRMAN

HOUSE PUBLIC EDUCATION COMMITTEE

BILL ANALYSIS

S.B. 7
C.S.S.B. 7

By: Ratliff (Linebarger)
(Stiles, et al)

BACKGROUND

Texas courts found unconstitutional the school finance system created by S.B. 351 and H.B. 2885 during the 72nd Legislative, Regular Session. The Texas Supreme Court, in a series of opinions, has ordered the state to devise a new funding plan. The courts gave the legislature until June 1, 1993, to create a constitutional school finance system. State District Judge Scott McCown, in whose court the lawsuit originated, issued an order on January 11, 1993, that will prohibit the comptroller of public accounts from sending funds to the state's school districts if the legislature has not enacted a plan by the Supreme Court's deadline.

PURPOSE

As proposed, C.S.S.B. 7 provides for an equitable method of financing Texas' public education system.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill gives broad rulemaking authority to the commissioner of education, the Central Education Agency, and the Comptroller as necessary to implement this legislation.

SECTION BY SECTION ANALYSIS

Article 1

Chapter 36.

Section 36.001 Definitions. Defines "Equalized wealth level", "Wealth per student", and "Weighted average daily attendance" as it is currently defined in the Education Code.

Section 36.002. Equalized Wealth Level. A school district may not have a wealth per student that exceeds \$280,000.

Section 36.003. Options to Achieve Equalized Wealth Level. A school district with a wealth per student that exceeds the equalized wealth level may take any combination of the following actions to achieve the equalized level:

- 1) Consolidate by Agreement
- 2) Detachment and Annexation by Agreement
- 3) Purchase of Attendance Credit
- 4) Contract for Education of Nonresident Students
- 5) Tax Base Consolidation

Section 36.004. Annual Review of Property Wealth. By August 1 of each year the commissioner of education shall review and notify a school district if their wealth per student exceeds the equalized wealth level. If before the following November 1, the district has not chosen one of the five options, the commissioner shall order the consolidation of the district with one or more other districts as provided by Subchapter G.

(b) A school district with a wealth per student that exceeds the equalized wealth level may not levy or assess ad valorem taxes for maintenance and operation for any year after the tax year. A district notified under (a) may not adopt a tax rate for the tax year in which the district receives the notice.

(c) Detachment and Annexation is effective for foundation school program funding purposes for the school year that begins in the calendar year in which the consolidation or detachment and annexation is agreed to or ordered; and applies to the ad valorem taxation of property beginning with the tax year in which the agreement or order is effective.

Section 36.005. Comptroller and Appraisal District Cooperation. The chief appraiser of each appraisal district and the comptroller shall cooperate with the commissioner and school districts in this chapter.

Section 36.006. Rules. (a) The commissioner of education may adopt rules necessary for implementation of this

chapter. (b) As necessary for the effective and efficient administration of this chapter, the commissioner of education may extend effective dates and time periods for actions described by this chapter.

Section 36.007. Commissioner To Approve Subsequent Boundary Changes. A school district chooses one of the options that results in boundary changes to the district or in the consolidation of tax bases is not subject to consolidation, detachment, or annexation under Chapter 19 except on approval of the commissioner of education.

Section 36.008. Tax Abatements Unaffected. Tax abatement agreements executed by a school district are not affected and apply to the taxation of the property covered by the agreement as if executed by the district within which the property is included.

Section 36.009. Contingency. (a) If a court finds that any of the options are invalid, a school district may choose from one of the remaining options. (b) If a court holds invalid each of the options, the commissioner shall act under Subchapter G to achieve the equalized revenue level.

Subchapter B. Consolidation by Agreement

Section 36.031. The governing boards of any two or more school districts may consolidate the districts by agreement to establish a consolidated district with a wealth per student equal to or less than the equalized wealth level. The Commissioner shall certify that this agreement meets the equalized wealth level.

Section 36.032. Governing Law. Except what is modified by the terms of the agreement, the consolidated district is governed by the applicable provisions of Subchapter C, Chapter 19. The agreement may not be inconsistent with Subchapter C, Chapter 19.

Section 36.032. Governance pLan. The agreement among consolidating districts shall preserve community-based and site-based decision making, including delegating powers of the governing board other than levying a tax. The governance plan may provide for a transitional board for the first year, but the second year the board must be elected from within the consolidated boundary from single-member districts.

Section 36.034. Effective Date. Consolidation by agreement is effective on the date provided by the agreement, but not later than September 1 following the execution of the agreement.

Section 36.035. Incentive Aid. Districts may receive incentive aid under Chapter 16 for the first and second years after consolidation by choice as if they were without consolidation.

Subchapter C. Detachment and Annexation by Agreement

Section 36.061. Agreement. By the agreement of the governing boards of any two school districts, territory may detached from one district and attached to the other district so that the wealth per student of each district is equal to or less than the equalized wealth level. This agreement is valid when certified by the commissioner of education.

Section 36.062. Governing Law. Except as outlined in this subchapter, it is governed by Chapter 19.

Section 36.063. Allocation of Appraised Value of Divided Unit. Property detached and annexed shall be appraised as a unit and the value shall be allocated between the districts.

Section 36.064. Allocation of Indebtedness. The consolidation agreement may allocate to the receiving district indebtedness from the detachment, and the receiving district assumes and is liable for the allocated indebtedness.

Section 36.065. Effective Date. Effective as provided by the agreement, but not later than September 1 following the agreement.

Section 36.066. Notice. Upon execution of the agreement, the districts involved shall notify property owners and the appraisal district in which the affected property is located.

Subchapter D. Purchase of Attendance Credit

Section 36.091. Agreement. A school district with a wealth per student that exceeds the equalized wealth level may execute an agreement with the commissioner of education to purchase attendance credits in order to bring the wealth per student equal to or less than the equalized wealth level.

Section 36.092. Credit. One credit equals an increase by one student in weighted average daily attendance to determine whether the district exceeds the equalized wealth level. Credits are not used in determining a school district's scholastic population for purposes of the Composition of School Funds.

Section 36.093. Cost. Each credit equals the statewide average of combined state and local revenue per weighted student in average daily attendance for the prior year.

Section 36.094. Payment. A payment schedule for credits is set by the commissioner of education, with all payments being made not later than February 1 or effective date of the agreement. Credit payments are deposited in the state treasury to the credit of the foundation school fund.

Section 36.095. Duration. An agreement is valid for one year with voter approval and renewed annually.

Section 36.096. Voter Approval. (a) Upon agreement, the board of trustees shall order and conduct an election as provided by Section 19.003, to obtain voter approval of the agreement. (b) Ballot language. (c) The proposition is approved if it receives a majority of the votes cast and is considered ratified. The board has continuing authority to execute agreements on behalf of the district without further voter approval.

Subchapter E. Contract for Education of Nonresident Students

Section 36.121. Agreement. The board of trustees of a district with wealth per student that exceeds the equalized wealth level may agree to educate students of another district until the weighted average daily attendance of the contracting district reduces the district's wealth per student to an amount that is equal or less than the equalized wealth level. The agreement is valid when certified by the commissioner of education.

Section 36.122. Voter Approval. (a) After execution of the agreement, the board of trustees shall order and conduct an election. (b) Ballot language. (c) The proposition is approved and ratified if the proposition receives a majority of the votes cast. Upon approval, the board has continuing authority to execute agreements under this subchapter without further voter approval.

Section 36.123. WADA Count. For the purposes of Chapter 16, students are counted only in the weighted average daily attendance of the district providing the services.

Subchapter F. Tax Base Consolidation

Section 36.151. Agreement. The board of trustees of two or more districts may agree to conduct an election on the creation of a consolidated taxing district for the maintenance and operation of the component school districts. The agreement is subject to approval by the commissioner of education and certified when the consolidated taxing district has a wealth per student equal to or less than the equalized wealth level.

Section 36.152. Date of Election. (a) The agreement must provide for the ordering of an election to be held on the same date in each district. The date shall be a Tuesday or Saturday not more than 45 days after the date of the agreement. Uniform Election Dates do not apply to this section.

Section 36.153. Proposition. (a) Ballot language outlining territory for consolidation and the tax rate. (b) The rate in the proposition is provided by agreement among the districts not to exceed current law.

Section 36.154. Approval. If the proposition receives a favorable vote of the majority of the votes cast within each participating school district, it is approved.

Section 36.155. Consolidated Taxing District. A consolidated taxing district is a school district established for the purpose of exercising taxing power authorized in the Texas Constitution, Article VII, Section 3, and distributing the revenue to its component school districts.

Section 36.156. Governance. (a) The consolidating district is governed by the boards of the component school districts meeting jointly. (b) Action taken by the joint board must be approved by a majority of a quorum of each component district's board of trustees. (c) A quorum of the joint board is a quorum of the board of trustees of each component school district. (d) The joint board adopts a governance plan for procedures of the board and providing necessary governance of the consolidated taxing district.

Section 36.157. Maintenance Tax. (a) The joint board levies a maintenance tax by September 1 of each year or as soon thereafter. (b) Each component district will be responsible for assessing and collecting taxes in proportionate to the component's share of WADA in the consolidated taxing district. (c) A component may not levy an ad valorem tax for M&O of the schools in addition to one levied by the joint board.

Section 36.158. Revenue Distribution. Tax revenue is distributed based on the number of WADA in average daily attendance in the component districts.

Section 36.159. Taxes of Component Districts. (a) The governing board of a component school district of a consolidated taxing district may issue bonds and levy, pledge, and collect ad valorem taxes sufficient to pay the principal of and interest on those bonds. (b) A component district levying an ad valorem tax for this chapter is entitled to the guaranteed yield for that portion of its tax rate does not exceed the limitations established by Sec. 16.303, guaranteed yield program.

Section 16.160. Optional Total Tax Base Consolidation. (a) An agreement for tax base consolidation may provide for total tax base consolidation instead of consolidation for maintenance and operation only.

(b) An agreement for total tax base consolidation:

- (1) the component districts may not levy maintenance or bond taxes, except to retire bonds or other obligations issued before the effective date of consolidation;
- (2) the joint board may issue bonds and levy, pledge, and collect ad valorem taxes to pay the principal and interest on bonds, and issue refunding bonds, as provided by Chapter 20 for independent school districts.

(c) An agreement for total tax base consolidation may provide for the consolidated taxing district to assume all or part of the indebtedness of all component districts.

Subchapter G. Consolidation by Commissioner of Education

Section 36.181. Commissioner Order. If upon review of property wealth, a district exceeds the equalized wealth level and has not successfully exercised an option, the commissioner is required to order consolidation of districts. The order shall be effective on a date determined by the commissioner, but not later than the earliest practicable date after November 1.

Section 36.182. Selection Criteria. The commissioner shall select one or more districts with a wealth per student that, when consolidated with a district that has a property wealth greater than the equalized wealth, will result in a consolidated district with a wealth per student equal to or less than the equalized wealth level.

Consolidation priority list:

- (1) first, a contiguous district;
- (2) second, the nearest district located in the same county;
- (3) third, another district located in the same county;
- (4) fourth, a district that will result in a consolidated district in which the tax burden on property is similar to the existing tax burden in the respective district; and
- (5) fifth, to the nearest district in proximity.

Section 36.183. Procedure. A decision of the commissioner under this subchapter is final and not appealable.

Section 36.184. Governance. Sections 19.057, Consolidation Involving Two or More Independent School Districts, and 19.058, Title to Property; Assumption of Debt, apply to districts consolidated under this chapter.

Section 1.02. This section applies to actions in 1993 to achieve the equalized wealth. The commissioner shall determine wealth per student by August 30, 1993, using wealth and weighted student data from the current year or the preceding year. The commissioner shall immediately notify each district that exceeds the equalized wealth level and each district with which the commissioner intends to consolidate that district under Subchapter G, Chapter 36, Education Code. An agreement among districts under the options to achieve equity must be executed not later than September 1, 1993.

Article 2, Section 2.01. Reenacts Chapter 16, Education Code.

Subchapter A. Sec. 16.001- 16.006. Maintains current law.

Sec. 16.007. Removes references to county education districts.

Sec. 16.008. Eliminates language establishing an effective date in 1992.

Sec. 16.009. Eliminates the revenue limit imposed on school districts.

Sec. 16.010. Eliminates references to the county education district.

Sec. 16.011. Eliminates the requirement that school districts publish a notice describing comparable tax rates and revenues.

Subchapter B. Sec. 16.051 - 16.056. Maintains current law.

Subchapter C. Sec. 16.101. Establishes a basic allotment of \$2,300 or amount greater as adopted by the foundation school fund budget committee. Eliminates a basic allotment established for the 1991-1992 through the 1994-1995 school year.

Sec. 16.102. Eliminates language provided to change the cost of education adjustment for the 1991-1992 and 1992-1993 school year.

Sec. 16.103. Makes a technical correction to provide for the use of the basic allotment, not the average daily attendance, in calculating the small district adjustment. Eliminates the date providing for the expiration of the

adjustment on September 1, 1993.

Sec. 16.1031. Eliminates the date providing for the expiration of the small district adjustment on September 1, 1993.

Sec. 16.104. Eliminates the date providing for the expiration of the sparsity adjustment on September 1, 1993.

Subchapter D. Sec. 16.151. Makes technical correction to appropriately reletter the subsections of this section.

Sec. 16.152. Maintains current law except to provide that adjustments to the compensatory education allotments will be made in accordance with equalized proration provisions rather than allotment proration.

Sec. 16.153. Maintains current law.

Sec. 16.155. Maintains current law except to provide that adjustments to the vocational education allotment will be made in accordance with equalized proration provisions.

Sec. 16.156. Removes the term "state" from a reference to the commissioner of education.

Sec. 16.158. Maintains current law.

Sec. 16.159. Maintains current law except to provide that adjustments to the gifted and talented allotment will be made in accordance with equalized proration provisions.

Sec. 16.160. Maintains current law.

Subchapter F. Sec. 16.201. Maintains current law.

Sec. 16.202. Eliminates the section requiring studies providing recommendations on the fiscal neutrality of the finance system, accountable costs, program cost differentials, transportation and career ladder allotments, tax rates, and facilities.

Sec. 16.203. Eliminates the section establishing the procedures by which related studies would be conducted.

Sec. 16.204. Eliminates the naval military facility impact scheduled to expire Sept. 1, 1993.

Sec. 16.205. Eliminates the requirement that the study on efficiency in administration be an element in the accountable costs studies.

Sec. 16.206. Eliminates the creation of an advisory committee to study cost adjustments.

Subchapter G. Sec. 16.251. Outlines the components of the Foundation School Program to include the basic allotment, special allotments and the guaranteed yield allotments. Removes references to the county education districts.

Sec. 16.252. Removes references to the county education districts. Establishes an \$0.86 effective tax rate to determine the local share of the Foundation School Program costs.

Sec. 16.254. Equalized Proration. Provides that the commissioner of education will determine biennially the amount necessary to operate the Foundation School Program, the amount of local funds required of each school district and the amount of state aid to be provided each district. Provides that the commissioner will base his determinations on the estimates required by Sec. 16.2541. Provides that the commissioner will notify each district of the initial amount of its entitlement. Authorizes the commissioner to adjust the entitlement as new data becomes available. On Jan. 31 each year, the commissioner must inform the school districts of adjustments to the entitlement. The commissioner will increase or reduce the amount of the entitlement accordingly. On Jan. 31 of each odd-numbered year, the commissioner must determine if the foundation school funds appropriated are sufficient to fund all payments. If not, the commissioner must certify the difference to the foundation school fund budget committee. The committee shall propose to the legislature that funds be transferred from the economic stabilization fund or other available source to the foundation school fund to fully fund the foundation school program. If the legislature fails to appropriate funds, the commissioner shall provide for the equalized reduction of payments to schools. A district's allotments will be increased by the amount reduced in the following fiscal year. If funds are appropriated, the commissioner must increase payments to districts immediately. Authorizes the commissioner to adjust entitlement as necessary. Eliminates language establishing proration formulas.

Sec. 16.2541. By Oct. 1 of each even-numbered year, the Central Education Agency is required to submit an estimate of student enrollment by school district for the following biennium and the Comptroller is required to submit an estimate of the total value of all taxable property in the state. Updates must be provided to the legislature by March 1 of each odd-numbered year.

Sec. 16.255. Maintains current law.

Sec. 16.2551. Establishes administrative costs limits by authorizing the commissioner of education to determine an administrative cost ratio of school districts annually. One administrative cost ratio will be set for districts with 1,600 students or fewer. Another ratio will be set for districts with 1,600 students or more. The commissioner may consider adjustments for sparse districts and students with special needs. If a district exceeds the ratio, the amount by which the district exceeded the ratio will be deducted from the school districts.

Sec. 16.256. Eliminates the phrase "of public accounts" in references to the comptroller. Eliminates language referencing 1992. Eliminates transition language relating to the 1992-1993 school year.

Sec. 16.258. Maintains current law.

Sec. 16.260. Eliminates references to school when referencing a district.

Subchapter H. Sec. 16.301. Maintains current law.

Sec. 16.302. Eliminates references to the county education district. Establishes a guaranteed yield of \$22. Eliminates language regarding the guaranteed yield amount in 1991-1992 school year, 1992-1993 school year, 1993-1994 school year and thereafter. Eliminates a reference to the cost adjustment studies provided by Sec. 16.206. Defines the district enrichment and facilities tax rate. Eliminates references to the cost differentials developed under Sec. 16.203 and the adjustments studied under Sec. 16.206.

Sec. 16.303. Provides that the enrichment and facilities tax rate may not exceed \$0.42.

Sec. 16.304. Maintains current law.

Subchapter I. Sec. 16.401 - 16.403. Maintains current law.

Subchapter J. Sec. 16.501 - 16.503. Strikes references to the distribution of funds by the County Education Districts.

Section 2.02 Amends §14.063, Education Code, to set the technology allotment at \$30. Eliminates increases to allotment provided through the 1996-1997 school year. If the state is unable to fund the technology allotment, the agency shall reduce the district's allotment as outlined in the distribution of Foundation School Fund.

Section 2.03. Sections 20.09 (a) and (b), Education Code, are amended as follows: (a) the total tax rate for a school district may not exceed \$1.50 minus \$0.86. Strikes subsection (1)-(4) relating to tax rates for each year. (b) Substitutes school for CED and allows the homestead exemption in the first tier.

Section 2.04. Section 26.08, Tax Code, is amended to read as follows: Sec. 26.08. Election To Limit School Taxes. Provides an automatic rollback election of \$0.06. Eliminates \$0.08 rollback rate and the requirement for petition. If a disaster occurs, an election is not required. Eliminates language requiring a valid petition in the case of disaster. Strikes petition language. The election shall be held less than 30 or more than 90 days after the day on which the tax rate is adopted. Substitutes \$0.06 for \$0.08 in the Rollback Tax Rate calculation. (f) Substitutes Section 16.254(h), Equalized Proration and strikes 16.254(e), Allotment Proration. (g) current law. (h) An automatic rollback election is not required if the school district adopts a tax rate that exceeds the sum of: (1) the district's effective maintenance rate; (2) the rate of \$0.06; (3) the district's current debt rate; and (4) the tax rate equals the amount of the CED rate received by the school district for the 1992-1993 school year. (i) A school district is allowed to impose a tax necessary to receive county education district taxes received by the school district for the 1992-1993 school year. (j) This subsection and Subsections (h) and (i) expire January 1, 1995. Reletters section accordingly.

ARTICLE 3

Section 3.01. Subchapter H, Chapter 21, Education Code, is amended by adding Section 21.259 to read as follows:

Section 21.259. District Report Card.

(a) Not later than December 1 of each year the Central Education Agency shall prepare and distribute to each school district a district report card with current data, using performance indicators and comparing the district to three other randomly chosen school districts. The districts chosen have a similar ratio of taxable property per student; have a similar number of students, with similar demographics; and be clearly written.

(b) Performance indicators: (1) student performance on a criterion-referenced assessment instrument; (2) student performance on a norm-reference assessment instrument; (3) dropout rates in grades seven through 12; (4) student/teacher ration in K-4; (5) administrative, instructional, and total expenditures per student; (6) a statement of the amount, if any, by which the district exceeded its administrative cost ratio.

(c) The commissioner adopts rules for implementing performance indicators (b).

(d) By the last day of the school year, a school district delivers a copy of a district's report card to parents.

Section 3.02. Subchapter O, Chapter 21, Education Code, is amended by adding Section 21.562 to read as follows:

Section 21.562. Optional Extended Year Program.

(a) A school district may apply to the commissioner to provide an extended year program not to exceed 45 days for students in K-8 who would otherwise be retained.

(b) For funding purposes, a school district exchanges a number of instruction days up to five days less than 180 days.

(c) The commissioner adopts rules for administration of the extended year program.

Section 3.03. Section 21.032(c), Education Code, is amended to read as follows:

(c) Unless exempted by Section 21.033, Exemptions, a student must attend an extended year program for which the student is eligible if the student is likely to be retained to the next grade level. A district shall provide transportation services. Transportation is not provided for tutorial classes.

ARTICLE 4

Section 4.01. Section 11.86(a), Education Code, is amended to read as follows: (a) Strikes reference to CEDs.

Section 4.02. Section 21.558, Sec. 21.558. Cost. Maintains current law except to provide that adjustments to the costs of the assessment instruments will be made in accordance with equalized proration provisions. Strikes language basing the cost on the number of student administered the assessment instrument.

Section 4.03. Section 317.005(f), Government Code, Strikes Allotment Proration, 16.254(d), and substitutes Equalized Proration, 16.254(h).

Section 4.04. Section 1.04(12), Tax Code. Strikes CED language.

Section 4.05. Section 6.02, Tax Code (b) and (f) and adding Subsection (g) to read as follows:

(b) Strikes CED reference. Except for Detachment and Annexation under Subchapter C, Chapter 36, a school district's participating in a single appraisal district does not apply unless: (1) the school district taxes property other than property annexed under Subchapter C, Chapter 36, Education Code, in the same county as the annexed property; or (2) the annexed property is contiguous other than property annexed to the district under Subchapter, C, Chapter 36, Education Code.

(f) Establishes the cost of operating an appraisal district necessary for Detachment and Annexation.

(g) The appraisal district established for the county under Detachment and Annexation shall appraise property, and the school district participates in that appraisal district for appraisal purposes, except as otherwise permitted by Subsection (b). Strikes CED language.

Section 4.06. Sections 6.03(c)-(e), Tax Code. Strikes CED language.

Section 4.07. Sections 6.06(d) and (h), Tax Code. Strikes CED language.

Section 4.08. Sections 11.13 (d), (e), (m), and (n), Tax Code. Strikes references to County Education Districts.

Section 4.09. Sections 11.14(c) and (e), Tax Code. Strikes reference to County Education Districts.

Section 4.10. Section 21.01, Tax Code.

Section 21.01. Real Property. Detachment and Annexation comply with the provisions of Subchapter C, Chapter 36, Education Code.

Section 4.11. Section 25.25, Tax Code, (h) The chief appraiser shall change appraisal records and school district rolls to reflect Detachment and Annexation, Subchapter C, Chapter 36, Education Code.

Section 4.12. Repealers:

Section 1.05, Definition of a school district as it relates to a CED and Subchapter G, Chapter

20, County Education Districts.

Sections 6.061(f), Changes in Methods of Financing; 26.12(e), Units Created During Tax Year; 312.002, Eligibility of taxing unit for participation in tax abatement (e) CED and (f) Tax abatement agreement, Tax Code.

Section 4.13. Effective September 1, 1993, each county education district is abolished.

Section 4.14. (a) On August 31, 1993, each county education district shall transfer its funds to its component school districts by commissioner rule.

(b) On September 1, 1993, assets of CEDs other than funds are transferred to component school districts.

(c) On September 1, 1993, contracts and other liabilities of CEDs are transferred to the component school districts.

(d) By rule the commissioner shall provide for the maintaining of CED board records.

(e) Component school districts of a former CED may collect and use or distribute delinquent taxes.

Section 4.15. Acts passed relating to Chapter 16, regardless of the relative dates, supersede this Act.

ARTICLE 5

Section 5.01. (a) Article 1 takes effect immediately. (b) Article 4 takes effect September 1, 1993. (c) Except for the effective date of Administrative Costs, Articles 2 and 3 apply beginning with the 1993-1994 school year.

Section 5.02. (a) Limits on administrative costs will begin with the 1994-1995 school year. By September 1, 1993, the commissioner shall notify each district of its administrative costs ratio for 1994-1995 school year. By February 1, 1994, based on 1994-1995 school district budget information, the commissioner shall notify each district whose budgeted administrative costs for the 1994-1995 school year exceed its administrative cost ratio. School districts who exceed the ratio for 1994-1995 school year is subject to a reduction in foundation school payments.

(b) The commissioner shall adopt rules for the district report card by January 1, 1994. The first districts report card is due on or before December 1, 1994.

Section 5.03. Emergency Clause.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The original analysis states that the bill does not grant rulemaking authority. The substitute grants broad rulemaking authority to the commissioner education, the Central Education Agency, and the Comptroller.

Article 1. CHAPTER 36. EQUALIZED WEALTH LEVEL. The substitute provides for an equalized system of financing public schools through Chapter 36. The original uses Detachment and Annexation of commercial property as a method of equalizing public schools.

Sec. 16.006. The original provides that average daily attendance (ADA) is the quotient of the sum of attendance for each day of the minimum school year and for each day approved by the commissioner of education for an extended year program divided by the number of days in the minimum school year. The substitute maintains current law.

§16.054. STUDENT/TEACHER RATIOS; CLASS SIZE. In the original, the bill requires that each school committee established under this code, not later than the 45th day after first day of the school year, file a written report with the school district that states the class size of each class in the school. Requires each school district, not later than the 60th day after the first day of the school year, forward the reports to the commissioner. The substitute maintains current law.

§16.055. COMPENSATION OF PROFESSIONAL AND PARAPROFESSIONAL PERSONNEL. In the original (b) makes conforming changes. The substitute maintains current law.

§16.101. BASIC ALLOTMENT. In the original, the basic allotment is \$2,450 per student in ADA. The substitute sets the basic allotment at \$2,300.

§16.102. In the original, the bill requires the foundation school fund budget committee, beginning with the 1995-1996 school year, to determined the cost of education adjustments under Section 16.256. The substitute strikes reference to CEI.

§16.151. In the original bill, provides for the amount of the adjusted basic allotment for each student in mainstream instructional arrangement and each student in an instructional arrangement other than a mainstream instructional arrangement. Reduces from 12 to 10 the number of special education weights and reduces the individual amounts of eight of the weights. The substitute maintains current law.

The original bill provides for certain weights to be grouped in a combined arrangement, beginning with the 1995-1996 school year. Limits the number of contact hours credited per day for each student under the combined arrangement from exceeding certain amount. Not addressed in substitute. Requires the State Board of Education, in prescribing the qualifications that a mainstream instructional arrangement must meet, to require that the arrangement provide to eligible students with disabilities special education services in the regular classroom with any necessary director or indirect special education support. Deletes language requiring the Central Education Agency to provide transitional support for the movement of students from totally self-contained to partially self contained instructional arrangements. Authorizes the commissioner to reduce the special education allotment the district receives to the level to which the district would be entitled if the district's ratio was not more than 25 percent higher than the statewide average ratio. Provides for funding for a school district that provides an extended program required by federal law for special education students who may regress. Requires the commissioner to withhold, from special education appropriations an amount to distribute to school districts who implement this program. Provides for allocation of funds. The substitute makes technical corrections to re-letter section in order. Text of substitute is same as current law.

§16.152. The substitute maintains current law except to provide that adjustments made to the compensatory education allotments will be made in accordance with equalized proration provisions rather than allotment proration.

§16.159. The substitute maintains current law except to provide that adjustments to the vocational education allotment will be made in accordance with equalized proration provisions rather than allotment proration.

§16.158. The original provides for the reduction of basic allotment to sufficiently fund the career ladder. The substitute maintains current law.

§16.159. The substitute maintains current law except to provide that adjustments to the gifted and talented allotment will be made in accordance with equalized proration provisions.

§16.202-204. The substitute eliminates the section requiring studies providing recommendations on the fiscal neutrality of the finance system, accountable costs, program cost differentials, transportation and career ladder allotments, tax rates, and facilities. The original eliminates 16.204.

§16.205. In the original the commissioner sets a limit administrative costs based on costs ratios for school districts with fewer than 500 student in ADA; with 500 to 999 students in ADA; with 1,000 to 4,999 students in ADA; with 5,000 to 9,999 students in ADA; and a ratio for school districts with more than 10,000 students.

The substitute establishes administrative costs limits by authorizing the commissioner of education to determine an administrative cost ratio of school districts annually. One administrative cost ratio will be set for districts with 1,600 students or fewer. Another ratio will be set for district with 1,600 students or more. The substitute maintains current law regarding Efficiency and Administration Report, Section 16.205.

The dates for notification of administrative cost ratio are different from the original to substitute.

The original defines operating expenses more explicitly than the substitute.

§16.251 The substitute outlines the components of the Foundation School Program to include the basic allotment, special allotments and the guaranteed yield allotments. Removes references to the county education districts.

§16.252. In the original, the LFA is the district's tier 1 local share. The local tax rate is \$0.90. In the substitute the tax rate is \$0.86. Both strikes reference to CED language.

§16.254. The original eliminates proration by holding school districts eligible for the guaranteed yield at the tax rate authorized during the 1992-1993 school year. The school districts with below state average wealth are allowed to increase their tax rate by ten cents and receive the guaranteed yield funding. If a shortfall occurs during the first year of the biennium, the funds will be provided to school districts from a reserve account created for this purpose or from funds designated for the second year of the biennium. If a shortfall occurs during the second year of the biennium, the commissioner will certify the shortfall to the Foundation School Fund Budget Committee. The Committee will recommend that the legislature provide funds from the economic stabilization fund or other available funds to pay school districts. If the legislature does not appropriate additional funds, equalized proration will occur. The state will begin the next biennium with a debt to the school districts that lost money due to proration.

The substitute provides that the commissioner will inform each district of their entitlement. If a shortfall occurs, the commissioner will certify the amount of the shortfall to the Foundation School Fund Budget Committee. The Committee will propose that the legislature transfer funds from the economic stabilization fund

or other available resource. If the allocation is made, the commissioner shall increase the payments to districts immediately. If the funds are not allocated, equalized proration will occur. The substitute does not create a reserve account.

§16.2541. The original deletes language regarding certain duties of the commissioner of education. The substitute does not include this provision.

§16.302. In the original, it provides that for each WADA, each district is guaranteed a specified amount in state and local funds for each cent of tax effort over the tax effort required for tier one local fund assignment. It provides that for each cent of tax effort under this section up to 30 cents, a district is entitled to an amount equal to \$20 per WADA. Sets forth the formula for determining the amount per WADA a district is entitled to for each incremental cent of the tax effort greater than 30 cents and up to 60 cents. Deletes formula for determining previous state support. The substitute establishes a guaranteed yield level at \$22.00.

The original deletes language defining "WADA". The substitute does not make this change.

The original authorizes the funding elements provided by this section to be increased by the foundation school fund budget committee or modified by appropriation. Deletes definition of "DTR" and "LR".

§16.303. The original sets forth the formula for determining each school district's share of program costs under this subchapter. Deletes language regarding limitation on enrichment and facilities tax rate. The substitute provides that the definition of district enrichment and facilities tax rate may not exceed \$0.42.

§14.064. In the substitute, if the state is unable to fund the technology allotment, the agency shall reduce the district's allotment as outlined in the distribution of Foundation School Fund.

§19.028. The original provides for an equalized finance system through the detachment and annexation of commercial property to reduce variations in property values. The substitute provides an equalized finance system through an equalized wealth level as provided by Chapter 36.

§20.09. The original prohibits a school district from imposing a tax rate on the \$100 valuation of property that results in a levy for maintenance and operation of the district that exceeds \$1.50. Deletes a rate schedule for specific years. The substitute maintains current law, except for deleting reference to CEDs.

§20.86 and §20.88. The original makes conforming changes to Detachment and Annexation. The substitute does not address.

§21.032. The original requires students, unless exempted, to attend an extended year program, providing transportation services for the extended year program. The extended program does not exceed 30 days. The original outlines the specifics of the extended year program. The substitute §21.562, provides for an optional extended year program through application to the commissioner not to exceed 45 days for students in K-8 who would otherwise be retained. For the purposes of funding a school district may exchange 5 instructional days. Transportation is provided for the extended year program and not for the tutorial.

§21.259. The original does not address a district report card. The substitute requires the Central Education Agency to provide a report card for each school district.

§21.502. In the original defines "special teaching". The substitute maintains current law.

§21.506. The original makes conforming changes. The substitute maintains current law.

§21.513. The original requires the Central Education Agency to establish procedure and criteria for the allocation of funds to establish a pilot program for inclusion of student with disabilities in the regular classroom. The substitute does not include this provision.

§6.02, Tax Code. The substitute makes conforming changes relating to Chapter 36, relating to Detachment and Annexation. The original makes conforming changes relating to the Detachment and Annexation of commercial property.

§6.03,(m) Tax Code, the original makes conforming changes to commercial property annexation, relating to appraisal districts.

§825.4051. In the original, it requires that the seven districts, with wealth above \$280,000, make contributions to the Teacher Retirement Service.

§27. The original provides for the notification of property owner of the detachment and annexation of commercial property. Not addressed in substitute.

§28. The original makes provisions for funding of the optional extended year program. The substitute does not

address.

§29. The original makes provisions for appropriations to be based on LBB models. Not addressed in the substitute.

§32. The original makes provision for inclusion of special education students. Not addressed in the substitute.

§33. The original provides for transitional year for school districts to maintain revenue at an effective tax rate at \$1.25. Not addressed in the substitute.

SUMMARY OF COMMITTEE ACTION

Pursuant to an announcement on the House Floor on May 13, 1993, in accordance with House Rules, the House Committee on Public Education convened in a Public Hearing on May 14, 1993, and was called to order at 8:35 a.m. by the Chair. The Chair laid out S.B. 7. The Chair recognized Senator Bill Ratliff. The Chair recognized the following to testify on the bill: David Anderson, Lt. Governor's Office; Dean Mark Yudof, University of Texas Law School; Randall Buck Wood, representing himself; Steve Collins, Legislative Council; Chris Shields, Texas Chamber of Commerce; Debra Haas, LEB; George Scott Christian, Texas Association of Taxpayers; Bill Allaway, Texas Association of Taxpayers; David Hicks, representing himself; Dan Wilson, Comptroller's Office; Kevin O'Hanlon, TEA; Julie Moore, Occidental Chemical Corporation. The Chair recognized the following witnesses to testify for the bill: Lynn Moak, Texas School Alliance; Laurie Guidry, representing herself; Dan Casey, Texas Association of School boards; Jim Nelson, Texas Association of School Boards; and, Johnny Veselka, Texas Association of School Boards. The Chair recognized the following witnesses to testify for the Oakley amendment to S.B. 7: Dick Parker, Texas Association of Mid-Size Schools; and, Denny Crow, Texas Association of Mid-Size Schools. The following submitted written testimony on the bill: J. Neal Miller, Chevron Companies; Representative Keith Oakley. Representative Sadler moved that S.B. 7 be left as pending business before the Committee. The motion prevailed without objection.

Pursuant to an announcement on the House Floor on May 17, 1993, in accordance with House Rules, the House Committee on Public Education convened in a Formal Meeting on May 18, 1993, and was called to order at 8:47 a.m. by the Chair. The Chair called up S.B. 7, which had previously been left as pending business before the Committee. Representative Stiles laid out a complete committee substitute for S.B. 7. The Chair recognized Steve Collins, Legislative Council, to speak on the bill. Representative Stiles moved that the committee substitute for S.B. 7 be adopted. The motion prevailed without objection. Representative Sadler moved that CSSB 7 be reported favorably to the full House with the recommendation that it do pass and be printed. The motion prevailed by the following record vote: 11 Ayes; 0 Nays; 0 PNV; and, 0 Absent.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE
73rd Regular Session

May 18, 1993

TO: Honorable Libby Linebarger, Chair
Committee on Public Education
House of Representatives
Austin, Texas

IN RE: House Committee
Substitute for Senate Bill
No. 7

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on House Committee Substitute for Senate Bill No. 7 (relating to public school education and finance) this office has determined the following:

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The bill would make formula changes to the Foundation School Program (FSP). Major provisions include:

- abolishing county education districts (CEDs);
- providing guidelines to the commissioner of education to consolidate school districts, as necessary, to reduce the effective wealth per weighted pupil of certain districts to \$280,000 or lower;
- providing school districts with local option alternatives to forced consolidation;
- setting FSP funding elements, including a basic allotment of \$2,300, a technology allotment of \$30, a tier 1 local fund assignment of \$0.86, a guaranteed yield of \$22 per weighted pupil, and a tier 2 tax rate of \$0.42;
- establishing a process through which the commissioner of education determines a sum-certain FSP allocation to each school district for a given year, with adjustments made during each year and/or the subsequent year to reflect changes in property values, tax rates, and ADA;
- requiring the Texas Education Agency to provide projections of ADA and the Comptroller to provide projections of property values;
- providing guidelines for the commissioner of education to reduce FSP allocations, if necessary, to ensure that state aid remains within appropriations levels;
- providing for reduction of FSP entitlements for districts with excessive administrative costs;
- allowing school districts to shorten the school year in order to fund optional extended year compulsory attendance programs for students at risk of being retained in grade;
- eliminating biennial school finance studies; and
- reducing the threshold for local school district rollback elections.

The bill would decrease FSP state aid in 1994 and then increase state aid each year thereafter. FSP costs in 1996 and beyond would be determined by actions of the Foundation School Fund Budget Committee (FSFBC) in setting future funding elements. State aid changes in future years would also depend on actual changes in local tax effort, ADA, and property values.

The bill would have an impact on the state's contribution to the Teacher Retirement System (TRS). The cost estimates below are based on the assumption that 65% of new state aid is spent on salaries and that the state's contribution rate is 7.31%.

The state could incur costs in providing hold harmless incentive aid in 1994 and 1995 to school districts that voluntarily consolidate. Depending on specific consolidation pairings, the hold harmless for losses tied to the small district adjustment could amount to \$50 million per year in 1994 and 1995. The bill would provide no incentive aid beyond the first two years.

The state could realize FSP savings from districts with excessive administrative costs. These savings would depend on standards set by the commissioner of education and on the extent to which affected districts took corrective action. The net savings cannot be estimated.

The state would incur administrative costs in carrying out the forced consolidation of districts and/or overseeing implementation of local option alternatives to forced consolidations. These costs would depend on the type of wealth sharing schemes adopted by local school districts. These costs would be offset by administrative savings from elimination of biennial school finance studies. The net administrative fiscal implications to the state cannot be determined.

The bill's provisions would generally have a negative impact on local school districts. A substantial majority of districts would need to raise tax effort in 1994 to maintain projected levels of total revenue per pupil in 1993. State aid per ADA would decrease by \$73 in 1994 and then increase by \$45 in 1995. Affected districts would also incur costs in implementing the wealth sharing options provided in the bill. These costs would depend on the options taken and cannot be determined.

Local central appraisal districts would incur costs to the extent that wealthy school districts chose to reduce wealth disparities by detaching certain properties and annexing these properties to less wealthy school districts. These costs cannot be determined.

The state cost estimates below are compared to the 1993 appropriated level rather than to the projected state costs under current law. This base of comparison has been selected due to the fact that the provisions of current law under S.B. 351 are unenforceable after September 1, 1993 as a result of the *Edgewood III* decision of the Texas Supreme Court. For the sake of this fiscal note, we have assumed forced consolidation of all affected districts. State costs could vary depending on the local option alternatives chosen by affected districts.

The probable cost of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

| Fiscal Year | Probable Formula Costs/(Savings) Over the 1993 Level Out of the General Revenue Fund at 1993 Tax Rates | Probable Teacher Retirement System Costs/(Savings) Over the 1993 Level Out of the General Revenue Fund |
|-------------|--|--|
| 1994 | (\$103,200,000) | (\$5,200,000) |
| 1995 | 180,000,000 | 9,100,000 |
| 1996 | 493,800,000 | 25,100,000 |
| 1997 | 815,000,000 | 41,400,000 |
| 1998 | 1,175,000,000 | 59,600,000 |

Similar annual costs would continue as long as the provisions of the bill are in effect.

It should be noted that a portion of the TRS cost is tied to ADA growth and is not directly attributable to the bill's provisions.

The state FSP costs above are based on the assumption that districts will maintain taxes at the 1993 level. If districts were to increase tax effort to the maximum tier 2 tax rate, the state costs in addition to those shown above would be \$205.2 million in 1994, \$210.1 million in 1995, \$215.4 million in 1996, \$220.7 million in 1997, and \$226.6 million in 1998.

Source: Texas Education Agency;
LBB Staff: JO, JWH, DF, JSO, JOL

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE
73rd Regular Session

May 14, 1993

TO: Honorable Libby Linebarger, Chair
Committee on Public Education
House of Representatives
Austin, Texas

IN RE: Senate Bill No. 7, as
engrossed
By: Ratliff

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Senate Bill No. 7, as engrossed (relating to public school education and finance) this office has determined the following:

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The bill would make formula changes to the Foundation School Program (FSP). Major provisions include:

- abolishing county education districts (CEDs);
- providing guidelines to the commissioner of education to detach certain non-residential and non-agricultural property from one school district and annex it to another district in order to reduce the effective wealth per weighted pupil of certain districts to \$280,000 or lower, with some exceptions;
- setting a tier 1 basic allotment of \$2,450 and directing the commissioner of education to reduce the basic allotment by an amount sufficient to cover the cost of the career ladder allotment;
- setting other tier 1 funding elements, including a technology allotment of \$30 and a local fund assignment of \$0.90;
- setting tier 2 funding elements, including a flat guaranteed yield of \$20 per weighted pupil for the first 30 cents of tax effort and a sliding scale yield of between \$20 and \$17 per weighted pupil for tax effort of between \$0.30 and \$0.60;
- effective in 1995, changing weights for the special education allotment to, in part, implement the recommendations contained in the biennial school finance studies report prepared by the staff of the Legislative Education Board and Legislative Budget Board;
- effective in 1995, providing FSP funding for extended year services for special education students;
- establishing pilot programs for the inclusion of students with disabilities in the regular classroom and providing FSP funding for the pilots;
- establishing compulsory extended year pilots for students who are at risk of being retained and adjusting the FSP definition of average daily attendance (ADA) to provide funding for the pilots;
- limiting the state's participation in funding local tax effort increases within tier 2 of the FSP;
- establishing a process through which the commissioner of education determines a sum-certain FSP allocation to each school district for a given year, with adjustments made in the subsequent year to reflect changes in property values and ADA;
- requiring the Texas Education Agency to provide projections of ADA and tax rates and the Comptroller to provide projections of property values;
- providing guidelines for the commissioner of education to reduce FSP allocations, if necessary, to ensure that state aid remains within appropriations levels;
- requiring certain wealthy districts to pay the state's contribution to the Teacher Retirement System; and
- providing for reduction of FSP entitlements for districts with excessive administrative costs.

The bill would increase FSP state over the 1993 level by \$17.1 million in 1994, increasing to \$1,327.5 million by 1998. FSP costs in 1996 and beyond would be determined by actions of the Foundation School Fund Budget Committee (FSFBC) in setting future funding elements. State aid changes in future years would also depend on actual changes in local tax effort, ADA, and property values.

The bill would have an impact on the state's contribution to the Teacher Retirement System (TRS). Assuming that 65% of new state aid is spent on salaries, the state's contribution to TRS is expected to increase over the 1993 level by \$0.9 million in 1994 and by \$73.3 million by 1998. These costs would be offset by savings due to the requirement that certain wealthy districts pay the state's contribution to TRS. These savings cannot be determined.

The state could realize FSP savings from districts with excessive administrative costs. These savings would depend on standards set by the commissioner of education and on the extent to which affected districts took corrective action. The net savings cannot be estimated.

The state would incur administrative costs associated with the bill's provisions regarding detachment and annexation of certain parcels of property. Assuming that most of the field work is done through contract with central appraisal districts and/or appraisal firms, costs could range from \$3,000,000 to \$5,000,000 per year in 1993 and beyond. The range of costs would depend on whether TEA could transfer entire categories of property or would need to identify property on a parcel-by-parcel basis. Costs beyond 1993 would depend on the extent to which TEA needed to adjust allocations in order to maintain various wealth thresholds identified in the bill.

The bill's provisions would generally have a negative impact on local school districts. A substantial majority of districts would need to raise tax effort in 1994 to maintain projected levels of total revenue per pupil in 1993. State aid per ADA would decrease by \$37 in 1994 and then increase by \$35 in 1995. Districts choosing to operate extended year compulsory attendance programs would incur costs; however, these costs would be partially or totally offset by FSP state aid. Districts would also incur costs in adjusting local taxing practices to comply with the impact of reallocation of wealth among school districts and in notifying affected taxpayers. These costs cannot be determined.

Local central appraisal districts would incur costs in assisting TEA in the reallocation process and in adjusting tax rolls to reflect the results of reallocation of wealth among school districts. These costs cannot be determined.

The state cost estimates below are compared to the 1993 appropriated level rather than to the projected state costs under current law. This base of comparison has been selected due to the fact that the provisions of current law under S.B. 351 are unenforceable after September 1, 1993 as a result of the *Edgewood III* decision of the Texas Supreme Court.

The probable cost of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

| Fiscal Year | Probable Formula Costs Over the 1993 Level Out of the General Revenue Fund at 1993 Tax Rates | Probable Teacher Retirement System Costs Over the 1993 Level Out of the General Revenue Fund |
|-------------|--|--|
| 1994 | \$17,100,000 | \$900,000 |
| 1995 | 268,800,000 | 14,900,000 |
| 1996 | 630,000,000 | 34,800,000 |
| 1997 | 962,300,000 | 53,200,000 |
| 1998 | 1,327,500,000 | 73,300,000 |

Similar annual costs would continue as long as the provisions of the bill are in effect.

It should be noted that a portion of the TRS cost is tied to ADA growth and is not directly attributable to the bill's provisions.

The state FSP costs above are based on the assumption that the state will contribute tier 2 state aid for tax effort up to but not exceeding the 1993 level, with exceptions for certain below average wealth districts. If districts were to increase tax effort to the maximum tier 2 tax rate, the additional state costs would be \$647.8 million in 1996, \$677.0 million in 1997, and \$709.4 million in 1998.

Source: Texas Education Agency;
LBB Staff: JO, JWH, EC, JSO, LC

The bill would have an impact on the state's contribution to the Teacher Retirement System (TRS). Assuming that 65% of net state aid is spent on salaries, the state's contribution to TRS is expected to increase over the 1993 level by \$18.8 million in 1996, increasing to \$64.0 million by 1998. If the appropriation to TRS is not adjusted, the estimated additional costs in each year will be incurred in the following year when the TRS contribution is adjusted.

The bill's provisions would have a negative impact on local school districts. Nearly all school districts would need to raise tax effort in 1994 to maintain projected levels of total revenue per pupil in 1993. Districts would also incur costs in holding CED elections on property tax exemptions. These costs cannot be determined at this time.

The state cost estimates below are compared to the 1993 appropriated level rather than to the projected state costs under current law. This base of comparison has been selected due to the fact the provisions of current law under S.B. 351 are unenforceable after September 1, 1993 as a result of the Edgewood III opinion of the Texas Supreme Court. The state cost estimates are based on the assumption that the state will contribute tier 2 state aid for tax effort up to but not exceeding the 1993 level. It should be noted that costs in 1996 and beyond would be higher to the extent that local tax effort is increased beyond the 1993 levels.

The probable fiscal implication of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

| Fiscal Year | Probable Formula Cost Over the 1993 Level Out of the General Revenue Fund Tax Rates | Probable Teacher Retirement System Costs Over the 1993 Level Out of General Revenue Fund |
|-------------|---|--|
| 1994 | (\$ 680,400,000) | \$0 |
| 1995 | (11,900,000) | 0 |
| 1996 | 340,800,000 | 18,800,000 |
| 1997 | 712,900,000 | 39,400,000 |
| 1998 | 1,157,800,000 | 64,000,000 |

Similar annual fiscal implications would continue as long as the provisions of the bill are in effect.

Source: LBB Staff: JO, JWH, JOB, EC, CKM

ADOPTED

as amended

MAY 20 1993

Betty Murray
Chief Clerk
House of Representatives

By Ratliff

S.B. No. 7

Substitute the following for S.B. No. 7:

By

C.S.S.B. No. 7

A BILL TO BE ENTITLED

AN ACT

relating to public school education and finance.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

ARTICLE 1

SECTION 1.01. Title 2, Education Code, is amended by adding Chapter 36 to read as follows:

CHAPTER 36. EQUALIZED WEALTH LEVEL

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 36.001. DEFINITIONS. In this chapter:

(1) "Equalized wealth level" means the wealth per student in average daily attendance provided by Section 36.002.

(2) "Wealth per student" means the taxable value of property, as determined under Section 11.86, per student in weighted average daily attendance.

(3) "Weighted average daily attendance" has the meaning assigned by Section 16.302.

Sec. 36.002. EQUALIZED WEALTH LEVEL. A school district may not have a wealth per student that exceeds \$280,000.

Sec. 36.003. OPTIONS TO ACHIEVE EQUALIZED WEALTH LEVEL. A district with a wealth per student that exceeds the equalized wealth level may take any combination of the following actions to achieve the equalized wealth level:

(1) consolidation with another district as provided by Subchapter B;

1 (2) detachment of territory as provided by Subchapter
2 C;
3 (3) purchase of average daily attendance credit as
4 provided by Subchapter D;
5 (4) contracting for the education of nonresident
6 students as provided by Subchapter E; or
7 (5) tax base consolidation with another district as
8 provided by Subchapter F.

9 Sec. 36.004. ANNUAL REVIEW OF PROPERTY WEALTH. (a) Not
10 later than August 1 of each year, the commissioner of education
11 shall review the wealth per student of school districts in the
12 state and shall notify each district with wealth per student
13 exceeding the equalized wealth level. If, before the following
14 November 1, the district has not successfully exercised an option
15 under Section 36.003 that reduces the district's wealth per student
16 to a level equal to or less than the equalized wealth level, the
17 commissioner shall order the consolidation of the district with one
18 or more other districts as provided by Subchapter G.

19 (b) A school district with a wealth per student that exceeds
20 the equalized wealth level may not levy or assess ad valorem taxes
21 for the maintenance and operation of the public schools of the
22 district for any year after the tax year in which the commissioner
23 of education determines that the district exceeds the equalized
24 wealth level. A district notified under Subsection (a) may not
25 adopt a tax rate for the tax year in which the district receives
26 the notice until the commissioner of education certifies that the
27 district has achieved the equalized wealth level.

1 (c) A consolidation or detachment and annexation under this
2 chapter:

3 (1) is effective for foundation school program funding
4 purposes for the school year that begins in the calendar year in
5 which the consolidation or detachment and annexation is agreed to
6 or ordered; and

7 (2) applies to the ad valorem taxation of property
8 beginning with the tax year in which the agreement or order is
9 effective.

10 Sec. 36.005. COMPTROLLER AND APPRAISAL DISTRICT COOPERATION.
11 The chief appraiser of each appraisal district and the comptroller
12 shall cooperate with the commissioner and school districts in
13 implementing this chapter.

14 Sec. 36.006. RULES. (a) The commissioner of education may
15 adopt rules necessary for the implementation of this chapter.

16 (b) As necessary for the effective and efficient
17 administration of this chapter, the commissioner of education may
18 extend effective dates and time periods for actions described by
19 this chapter.

20 Sec. 36.007. COMMISSIONER TO APPROVE SUBSEQUENT BOUNDARY
21 CHANGES. A school district that is involved in an action under
22 this chapter that results in boundary changes to the district or in
23 the consolidation of tax bases is not subject to consolidation,
24 detachment, or annexation under Chapter 19 unless the commissioner
25 of education certifies that the change will not result in a
26 district with a wealth per student that exceeds the equalized
27 wealth level.

1 Sec. 36.008. TAX ABATEMENTS UNAFFECTED. A tax abatement
2 agreement executed by a school district that is involved in
3 consolidation or in detachment and annexation of territory under
4 this chapter is not affected and applies to the taxation of the
5 property covered by the agreement as if executed by the district
6 within which the property is included.

7 Sec. 36.009. CONTINGENCY. (a) If any of the options
8 described by Section 36.003 are held invalid by a final decision of
9 a court of competent jurisdiction, a school district is entitled to
10 exercise any of the remaining valid options in accordance with a
11 schedule approved by the commissioner of education.

12 (b) If a court of competent jurisdiction holds invalid each
13 of the options provided by Section 36.003, the commissioner shall
14 act under Subchapter G to achieve the equalized wealth level.

15 SUBCHAPTER B. CONSOLIDATION BY AGREEMENT

16 Sec. 36.031. AGREEMENT. The governing boards of any two or
17 more school districts may consolidate the districts by agreement in
18 accordance with this subchapter to establish a consolidated
19 district with a wealth per student equal to or less than the
20 equalized wealth level. The agreement is not effective unless the
21 commissioner of education certifies that the consolidated district
22 will have a wealth per student equal to or less than the equalized
23 wealth level.

24 Sec. 36.032. GOVERNING LAW. Except to the extent modified
25 by the terms of the agreement, the consolidated district is
26 governed by the applicable provisions of Subchapter C, Chapter 19.
27 The agreement may not be inconsistent with the requirements of this

1 subchapter.

2 Sec. 36.033. GOVERNANCE PLAN. (a) The agreement among the
3 consolidating districts may include a governance plan designed to
4 preserve community-based and site-based decision making within the
5 consolidated district, including the delegation of specific powers
6 of the governing board of the district other than the power to levy
7 taxes.

8 (b) The governance plan may provide for a transitional board
9 of trustees during the first year after consolidation, but
10 beginning with the next year the board of trustees must be elected
11 from within the boundaries of the consolidated district from
12 single-member districts drawn in accordance with the procedures
13 provided by Section 23.024.

14 Sec. 36.034. EFFECTIVE DATE. A consolidation under this
15 subchapter is effective on the date provided by the agreement, but
16 not later than the September 1 immediately following execution of
17 the agreement.

18 Sec. 36.035. INCENTIVE AID. For the first and second school
19 years after creation of a consolidated district under this
20 subchapter, the district is entitled to receive the total state
21 funding under Chapter 16 to which the consolidating districts
22 would have been entitled but for the consolidation.

23 SUBCHAPTER C. DETACHMENT AND ANNEXATION BY AGREEMENT

24 Sec. 36.061. AGREEMENT. By agreement of the governing
25 boards of any two school districts, territory may be detached from
26 one of the districts and attached to the other district if, after
27 the action, the wealth per student of each district is equal to or

1 less than the equalized wealth level. The agreement is not
2 effective unless the commissioner of education certifies that,
3 after the action, the wealth per student of each district involved
4 will be equal to or less than the equalized wealth level.

5 Sec. 36.062. GOVERNING LAW. Except to the extent of any
6 conflict with this chapter, the annexation and detachment is
7 governed by Chapter 19.

8 Sec. 36.063. ALLOCATION OF APPRAISED VALUE OF DIVIDED UNIT.
9 If portions of a parcel or other item of property are located in
10 different school districts as a result of a detachment and
11 annexation under this subchapter, the parcel or other item of
12 property shall be appraised for taxation as a unit, and the
13 agreement shall allocate the taxable value of the property between
14 the districts.

15 Sec. 36.064. ALLOCATION OF INDEBTEDNESS. The consolidation
16 agreement may allocate to the receiving district any portion of the
17 indebtedness of the district from which the territory is detached,
18 and the receiving district assumes and is liable for the allocated
19 indebtedness.

20 Sec. 36.065. EFFECTIVE DATE. A detachment and annexation
21 under this subchapter is effective on the date provided by the
22 agreement, but not later than the September 1 immediately following
23 execution of the agreement.

24 Sec. 36.066. NOTICE. As soon as practicable after the
25 agreement is executed, the districts involved shall notify each
26 affected property owner and the appraisal district in which the
27 affected property is located.

1 SUBCHAPTER D. PURCHASE OF ATTENDANCE CREDIT

2 Sec. 36.091. AGREEMENT. A school district with a wealth per
3 student that exceeds the equalized wealth level may execute an
4 agreement with the commissioner of education to purchase attendance
5 credits in an amount sufficient to reduce the district's wealth per
6 student to an amount that is equal to or less than the equalized
7 wealth level.

8 Sec. 36.092. CREDIT. (a) For each credit purchased, the
9 weighted average daily attendance of the purchasing school district
10 is increased by one student in weighted average daily attendance
11 for purposes of determining whether the district exceeds the
12 equalized wealth level.

13 (b) A credit is not used in determining a school district's
14 scholastic population for purposes of Section 15.01.

15 Sec. 36.093. COST. The cost of each credit is an amount
16 determined by the commissioner of education to be equal to the
17 statewide average of combined state and local revenue per weighted
18 student in average daily attendance for the preceding school year.

19 Sec. 36.094. PAYMENT. (a) A school district shall pay for
20 credits purchased in accordance with a schedule adopted by the
21 commissioner of education, with all payments being made not later
22 than February 1 of the school year for which the agreement is in
23 effect.

24 (b) Receipts shall be deposited in the state treasury to the
25 credit of the foundation school fund.

26 Sec. 36.095. DURATION. An agreement under this section is
27 valid for one school year and, subject to Section 36.096, may be

1 renewed annually.

2 Sec. 36.096. VOTER APPROVAL. (a) After first executing an
3 agreement under this section, the board of trustees shall order and
4 conduct an election, in the manner provided by Section 19.003, to
5 obtain voter approval of the agreement.

6 (b) The ballot shall be printed to provide for voting for or
7 against the proposition: "Authorizing the board of trustees of
8 _____ School District to purchase attendance credits from the
9 state with local tax revenues."

10 (c) The proposition is approved if the proposition receives
11 a favorable vote of a majority of the votes cast. If the
12 proposition is approved, the agreement executed by the board is
13 ratified, and the board has continuing authority to execute
14 agreements under this subchapter on behalf of the district without
15 further voter approval.

16 SUBCHAPTER E. CONTRACT FOR EDUCATION OF NONRESIDENT STUDENTS

17 Sec. 36.121. AGREEMENT. The board of trustees of a district
18 with a wealth per student that exceeds the equalized wealth level
19 may execute an agreement to educate the students of another
20 district in a number that, when the weighted average daily
21 attendance of the students served is added to the weighted average
22 daily attendance of the contracting district, is sufficient to
23 reduce the district's wealth per student to an amount that is equal
24 to or less than the equalized wealth level. The agreement is not
25 effective unless the commissioner of education certifies that the
26 added weighted average daily attendance will result in the
27 contracting district's wealth per student being equal to or less

1 than the equalized wealth level.

2 Sec. 36.122. VOTER APPROVAL. (a) After first executing an
3 agreement under this section, the board of trustees shall order and
4 conduct an election, in the manner provided by Section 19.003, to
5 obtain voter approval of the agreement.

6 (b) The ballot shall be printed to provide for voting for or
7 against the proposition: "Authorizing the board of trustees of
8 _____ School District to educate students of _____ School
9 District with local tax revenues."

10 (c) The proposition is approved if the proposition receives
11 a favorable vote of a majority of the votes cast. If the
12 proposition is approved, the agreement executed by the board is
13 ratified, and the board has continuing authority to execute
14 agreements under this subchapter on behalf of the district without
15 further voter approval.

16 Sec. 36.123. WADA COUNT. For purposes of Chapter 16,
17 students served under an agreement under this subchapter are
18 counted only in the weighted average daily attendance of the
19 district providing the services.

20 SUBCHAPTER F. TAX BASE CONSOLIDATION

21 Sec. 36.151. AGREEMENT. The board of trustees of two or
22 more school districts may execute an agreement to conduct an
23 election on the creation of a consolidated taxing district for the
24 maintenance and operation of the component school districts. The
25 agreement is subject to approval by the commissioner of education.
26 The agreement is not effective unless the commissioner of education
27 certifies that the consolidated taxing district will have a wealth

1 per student equal to or less than the equalized wealth level.

2 Sec. 36.152. DATE OF ELECTION. (a) The agreement must
3 provide for the ordering of an election to be held on the same date
4 in each district. The date of the election shall be a Tuesday or
5 Saturday not more than 45 days after the date of the agreement.

6 (b) Section 41.001, Election Code, does not apply to the
7 election.

8 Sec. 36.153. PROPOSITION. (a) The ballot shall be printed
9 to provide for voting for or against the proposition: "Creation of
10 a consolidated taxing district composed of the territory of
11 _____ school districts, and authorizing the
12 levy, assessment, and collection of annual ad valorem taxes for the
13 maintenance of the public free schools within that taxing district
14 at the rate of \$_____ on the \$100 valuation of taxable
15 property."

16 (b) The rate to be included in the proposition shall be
17 provided by the agreement among the districts but may not exceed
18 the maximum rate provided by law for independent school districts.

19 Sec. 36.154. APPROVAL. The proposition is approved only if
20 the proposition receives a favorable vote of the majority of the
21 votes cast within each participating school district.

22 Sec. 36.155. CONSOLIDATED TAXING DISTRICT. A consolidated
23 taxing district is a school district established for the limited
24 purpose of exercising the taxing power authorized by Article VII,
25 Section 3, of the Texas Constitution and distributing the revenue
26 to its component school districts.

27 Sec. 36.156. GOVERNANCE. (a) The consolidated taxing

1 district is governed by the boards of the component school
2 districts meeting jointly.

3 (b) Any action taken by the joint board must receive a
4 favorable vote of a majority of a quorum of each component
5 district's board of trustees.

6 (c) A quorum of the joint board is a quorum of the board of
7 trustees of each component district.

8 (d) The joint board shall adopt a governance plan setting
9 forth the procedures of the board and providing for necessary
10 governance of the consolidated taxing district.

11 Sec. 36.157. MAINTENANCE TAX. (a) The joint board shall
12 levy a maintenance tax for the benefit of the component school
13 districts not later than September 1 of each year or as soon
14 thereafter as practicable.

15 (b) Each component district shall bear a share of the costs
16 of assessing and collecting taxes in proportion to the component
17 district's share of weighted average daily attendance in the
18 consolidated taxing district.

19 (c) A component district may not levy an ad valorem tax for
20 the maintenance and operation of the schools.

21 Sec. 36.158. REVENUE DISTRIBUTION. The consolidated taxing
22 district shall distribute tax revenue to the component districts on
23 the basis of the number of weighted students in average daily
24 attendance in the component districts.

25 Sec. 36.159. TAXES OF COMPONENT DISTRICTS. (a) The
26 governing board of a component school district of a consolidated
27 taxing district may issue bonds and levy, pledge, and collect ad

1 valorem taxes sufficient to pay the principal of and interest on
2 those bonds as provided by Chapter 20.

3 (b) A component district levying an ad valorem tax under
4 this section is entitled to the guaranteed yield provided by
5 Subchapter H, Chapter 16, for that portion of its tax rate that,
6 when added to the maintenance tax levied by the consolidated taxing
7 unit, does not exceed the limitation provided by Section 16.303.

8 Sec. 36.160. OPTIONAL TOTAL TAX BASE CONSOLIDATION. (a) An
9 agreement executed under Section 36.151 may provide for total tax
10 base consolidation instead of consolidation for maintenance and
11 operation purposes only.

12 (b) Under an agreement providing for total tax base
13 consolidation:

14 (1) the component districts may not levy maintenance
15 or bond taxes, except to the extent necessary to retire bonds and
16 other obligations issued before the effective date of the
17 consolidation; and

18 (2) the joint board may issue bonds and levy, pledge,
19 and collect ad valorem taxes sufficient to pay the principal of and
20 interest on those bonds, and issue refunding bonds, as provided by
21 Chapter 20 for independent school districts.

22 (c) An agreement providing for total tax base consolidation
23 may provide for the consolidated taxing district to assume all or
24 part of the indebtedness of all component districts.

25 SUBCHAPTER G. CONSOLIDATION BY COMMISSIONER OF EDUCATION

26 Sec. 36.181. COMMISSIONER ORDER. If the commissioner of
27 education is required under Section 36.004 to order the

1 consolidation of districts, the consolidation is governed by this
2 subchapter. The commissioner's order shall be effective on a date
3 determined by the commissioner, but not later than the earliest
4 practicable date after November 1.

5 Sec. 36.182. SELECTION CRITERIA. In selecting the districts
6 to be consolidated with a district that has a property wealth
7 greater than the equalized wealth level, the commissioner shall
8 select one or more districts with a wealth per student that, when
9 consolidated, will result in a consolidated district with a wealth
10 per student equal to or less than the equalized wealth level. In
11 achieving that result, the commissioner shall give priority to
12 school districts in the following order:

13 (1) first, a contiguous district;

14 (2) second, the nearest district located in the same
15 county;

16 (3) third, another district located in the same
17 county;

18 (4) fourth, a district that will result in a
19 consolidated district in which the tax burden on property is
20 similar to the existing tax burden in the respective districts; and

21 (5) fifth, to the nearest district in proximity.

22 Sec. 36.183. PROCEDURE. A decision of the commissioner
23 under this subchapter is final and not appealable. The
24 Administrative Procedure and Texas Register Act (Article 6252-13a,
25 Vernon's Texas Civil Statutes) does not apply to a decision of the
26 commissioner under this subchapter.

27 Sec. 36.184. GOVERNANCE. Sections 19.057 and 19.058 apply

1 to districts consolidated under this subchapter.

2 SECTION 1.02. (a) Notwithstanding any provision of Chapter
3 36, Education Code, as added by this article, this section applies
4 to actions in 1993 to achieve the equalized wealth level.

5 (b) The commissioner shall make the determinations of wealth
6 per student not later than August 30, 1993. The commissioner may
7 use wealth and weighted student data from the current year or the
8 preceding school year for purposes of those determinations. The
9 commissioner shall immediately notify each district that exceeds
10 the equalized wealth level and each district with which the
11 commissioner intends to consolidate that district under Subchapter
12 G, Chapter 36, Education Code, as added by this Act.

13 (c) An agreement among districts under Section 36.003,
14 Education Code, as added by this Act must be executed not later
15 than September 1, 1993.

16 ARTICLE 2

17 SECTION 2.01. Chapter 16, Education Code, is reenacted and
18 amended to read as follows:

19 CHAPTER 16. FOUNDATION SCHOOL PROGRAM

20 SUBCHAPTER A. GENERAL PROVISIONS

21 Sec. 16.001. STATE POLICY. (a) It is the policy of the
22 State of Texas that the provision of public education is a state
23 responsibility and that a thorough and efficient system be provided
24 and substantially financed through state revenue sources so that
25 each student enrolled in the public school system shall have access
26 to programs and services that are appropriate to his or her
27 educational needs and that are substantially equal to those

1 available to any similar student, notwithstanding varying local
2 economic factors.

3 (b) The public school finance system of the State of Texas
4 shall adhere to a standard of neutrality which provides for
5 substantially equal access to similar revenue per student at
6 similar tax effort, considering all state and local tax revenues of
7 districts after acknowledging all legitimate student and district
8 cost differences.

9 Sec. 16.002. PURPOSE OF FOUNDATION SCHOOL PROGRAM. (a) The
10 purposes of the Foundation School Program set forth in this chapter
11 are to guarantee that each school district in the state has:

12 (1) adequate resources to provide each eligible
13 student a basic instructional program and facilities suitable to
14 the student's educational needs; and

15 (2) access to a substantially equalized program of
16 financing in excess of basic costs for certain services, as
17 provided by this chapter.

18 (b) The Foundation School Program consists of two tiers to
19 provide for the purposes specified by Subsection (a) of this
20 section. The first tier guarantees sufficient financing for all
21 school districts to provide a basic program of education that meets
22 accreditation and other legal standards. The second tier provides
23 a guaranteed yield system of financing to provide all school
24 districts with substantially equal access to funds to provide an
25 enriched program and additional funds for facilities.

26 Sec. 16.003. STUDENT ELIGIBILITY. (a) A student is
27 entitled to the benefits of the Foundation School Program if he is

1 5 years of age or older and under 21 years of age at the beginning
2 of the scholastic year and has not graduated from high school.

3 (b) A student to whom Subsection (a) of this section does
4 not apply is entitled to the benefits of the Foundation School
5 Program if the student is enrolled in a prekindergarten class under
6 Section 21.136 of this code.

7 (c) The commissioner of education, in consultation with the
8 Commissioner of Human Services, shall monitor and evaluate
9 prekindergarten programs in the State of Texas as to their
10 developmental appropriateness. Furthermore, the commissioner of
11 education, in consultation with the Commissioner of Human Services,
12 shall evaluate the potential for coordination on a statewide basis
13 of prekindergarten programs with government-funded early childhood
14 care and education programs such as child care administered under
15 Chapter 44 of the Human Resources Code and federal Head Start
16 programs. This evaluation shall utilize recommendations contained
17 in the report to the 71st Legislature required by Chapter 717, Acts
18 of the 70th Legislature, Regular Session, 1987. For the purpose of
19 providing cost-effective care for children during the full work day
20 with developmentally appropriate curriculum, the commissioners
21 shall investigate the use of existing child care program sites as
22 prekindergarten sites. Following the evaluation required by this
23 section, the commissioners, in cooperation with school districts
24 and other program administrators, shall integrate programs, staff,
25 and program sites for prekindergarten, child care, and federal Head
26 Start programs to the greatest extent possible.

27 (d) A child may be enrolled in the first grade if he is at

1 least six years of age at the beginning of the scholastic year or
2 has been enrolled in the first grade or has completed kindergarten
3 in the public schools in another state prior to transferring to a
4 Texas public school.

5 Sec. 16.005. ADMINISTRATION OF THE PROGRAM. The
6 commissioner of education, in accordance with the rules of the
7 State Board of Education, shall take such action and require such
8 reports consistent with the terms of this chapter as may be
9 necessary to implement and administer the Foundation School
10 Program.

11 Sec. 16.006. AVERAGE DAILY ATTENDANCE. (a) In this
12 chapter, average daily attendance is determined by the daily
13 attendance as averaged each month of the minimum school year as
14 described under Section 16.052(a) of this code.

15 (b) A school district that experiences a decline of two
16 percent or more in average daily attendance as a result of the
17 closing or reduction in personnel of a military base shall be
18 funded on the basis of the actual average daily attendance of the
19 immediately preceding school year.

20 (c) The commissioner of education shall adjust the average
21 daily attendance of school districts that have a significant
22 percentage of students whose parent or guardian is a migrant
23 worker. For the purposes of this subsection, "migrant worker" has
24 the meaning assigned by Section 21.5515 of this code.

25 (d) The commissioner may adjust the average daily attendance
26 of a school district in which a disaster, flood, extreme weather
27 condition, fuel curtailment, or other calamity has a significant

1 effect on the district's attendance.

2 Sec. 16.007. PUBLIC EDUCATION INFORMATION MANAGEMENT SYSTEM
3 (PEIMS). (a) Each school district [~~and each county education~~
4 ~~district~~] shall participate in the Public Education Information
5 Management System (PEIMS) and shall provide through that system
6 information required for the administration of this chapter and of
7 other appropriate provisions of this code.

8 (b) Each school district shall use a uniform accounting
9 system adopted by the commissioner of education for the data
10 required to be reported for the Public Education Information
11 Management System.

12 ~~[(c)--The Central Education Agency shall report annually to~~
13 ~~the Legislative Education Board the financial status of each county~~
14 ~~education district.---The report shall include the total state and~~
15 ~~local education revenues for each tier of the Foundation School~~
16 ~~Program.]~~

17 Sec. 16.008. EQUALIZED FUNDING ELEMENTS. (a) The
18 Legislative Education Board shall adopt rules, subject to
19 appropriate notice and opportunity for public comment, for the
20 calculation for each year of a biennium of the qualified funding
21 elements under Section 16.256(e) of this code necessary to achieve
22 the state policy under Section 16.001 of this code not later than
23 the 1994-1995 school year and for each school year thereafter.

24 (b) Not [~~Beginning--in--1992,--not~~] later than October 1
25 preceding each regular session of the legislature, the board shall
26 report the equalized funding elements to the foundation school fund
27 budget committee, the commissioner of education, and the

1 legislature.

2 [Sec.--16.009.--REVENUE-LIMIT:--(a)--The-revenue-limit--is--an
3 amount--equal-to-110-percent-of-the-amount-of-state-and-local-funds
4 guaranteed-under-the--Foundation--School--Program--per--student--in
5 weighted--average--daily--attendance--to--each-school-district-at-a
6 total-tax-rate-of-\$0.25-per-\$100-of-taxable-value--of--property--as
7 calculated-for-the-1994-1995-school-year.

8 [(b)--Not--later-than-April-15, the-commissioner-of-education
9 shall-estimate-the-revenue-limit-for-each-school-district--for--the
10 current--school--year--and-shall-certify-that-amount-to-each-school
11 district.

12 [(c)--Not-later-than-August-15-of-each-year-the--commissioner
13 of--education-shall-determine-as-nearly-as-possible-for-the-current
14 school-year.

15 [(1)--the-total-amount-of-state--and--local--funds--per
16 student--in--weighted--average--daily--attendance-available-in-each
17 school-district; and

18 [(2)--the-total-amount-of-state--and--local--funds--per
19 student--in--weighted--average--daily--attendance-required-for-debt
20 service-in-each-school-district.

21 [(d)--The-commissioner-shall-determine-the--total--number--of
22 students--in--weighted-average-daily-attendance-in-school-districts
23 in-which-the-amount-specified-in-Subsection-(c)(1)-of-this-section,
24 less-the-amount-specified-in-Subsection--(c)(2)--of--this--section,
25 exceeds-the-revenue-limit.

26 [(e)--If--the--total--number--of-students-in-weighted-average
27 daily--attendance--in--districts--with--state--and--local--revenues

1 exceeding-the-revenue-limit-equals-or-exceeds-two--percent--of--the
2 total--number--of-students-in-weighted-average-daily-attendance-for
3 the-current-school-year;no-school-district-may-levy--a--tax--at--a
4 rate--that--would--result--in--an--amount-of-state-and-local-funds,
5 excluding-funds-required-for-debt-service;during-the--next--school
6 year--that--exceeds--the-revenue-limit;except-that-those-districts
7 exceeding-the-revenue-limit-may-maintain--during--the--next--school
8 year--the--total--amount--of--state--and-local-funds-per-student-in
9 weighted-average-daily-attendance-for-the-current-school-year.--The
10 commissioner-shall-notify-those-districts--in--which--revenues--are
11 subject-to-the-limitation-imposed-in-this-subsection.

12 [(f) --In this section:

13 [(1) --"Weighted--student--in--average-daily-attendance"
14 has-the-meaning-assigned-in-Section-16.302-of-this-code.

15 [(2) --"Taxable--value--of--property"--has--the--meaning
16 assigned-in-Section-11.86-of-this-code.

17 [Sec.-16.010.--DEFINITION:-----In---this---chapter,---"school
18 district"--does--not--include--a--county--education-district-unless
19 expressly-included.

20 [Sec.-16.011.--NOTICE-OF-YIELDS-TO-BE--PUBLISHED:----- (a) --Not
21 earlier--than-the-30th-day-or-later-than-the-seventh-day-before-the
22 date-of-adopting-a-tax-rate-for-the-years--1991,--1992,--1993,--and
23 1994,--a--school-district-shall-publish-the-following-notice,--using
24 the-yields-and-tax-rates-certified-by-the-commissioner:

25 ["NOTICE-OF-COMPARABLE-TAX-RATES-AND-REVENUES

26 ["The-legislature-has-enacted-a-statute-on-school-funding--to
27 comply--with--a--court--mandate--enforcing--the-state-constitution.

1 Under-prior-statutes,-the-tax-rate-for-last-year-provides-----per
2 student-in-state-and-local-revenues.--Under-this-statute,-that-same
3 rate-now-provides-----per-student-in-state-and-local-revenues.

4 ["State-law-only-requires-a-minimum-tax--rate--of-----for
5 county--education--districts.---State-law-does-not-require-a-school
6 district-to-adopt-additional-taxes.--Neither-does-state-law-require
7 a-school-district-to-adopt-a-tax-rate-that-maximizes-the-receipt-of
8 state-funds.

9 ["The-board-of-trustees-of-the-----School--District--hereby
10 gives--notice--that-it-is-considering-the-adoption-of-a-tax-rate-of
11 -----that-will-provide-----per--student--in--state--and--local
12 revenues."

13 [(b)--If--a--district--is-required-to-give-public-notice-of-a
14 hearing-under-Section-26.06,-Tax--Code,-the--notice--described--by
15 Subsection--(a)--of--this--section--may-be-included-in-the-required
16 notice-under-Section-26.06,-Tax-Code.

17 [(c)--The-notice-described-by-Subsection-(a)-of-this--section
18 shall---be---published---in---the---two---newspapers---with---the---largest
19 circulation-within-the-school-district-unless-only-one-newspaper-is
20 in-general-circulation-within-the-district.--The-notice-may-not--be
21 smaller--than-one-quarter-page-of-a-standard-size-or-a-tabloid-size
22 newspaper,-and-the-headline-must-be-18-point-or-larger-type.

23 [(d)--The-notice-described-by-Subsection-(a)-of-this--section
24 must--also--be--included--in--the--tax-bill-or-a-separate-statement
25 accompanying-the-tax-bill.

26 [(e)--The-commissioner-shall-adopt-rules--to--implement--this
27 section.

1 ~~[(f)--This section expires January 17, 1995.]~~

2 SUBCHAPTER B. REQUIREMENTS FOR DISTRICT PARTICIPATION IN THE
3 FOUNDATION SCHOOL PROGRAM FUND

4 Sec. 16.051. REQUIRED COMPLIANCE. In order to receive
5 financial support from the Foundation School Fund, a school
6 district must comply with the standards set forth in this
7 subchapter.

8 Sec. 16.052. OPERATION OF SCHOOLS; TEACHER PREPARATION AND
9 STAFF DEVELOPMENT. (a) Each school district must provide for not
10 less than 180 days of instruction for students and not less than
11 three days of preparation for teachers for each school year, except
12 as provided in Subsection (c) of this section.

13 (b) Each school district must provide for not less than 20
14 hours of staff development training under guidelines provided by
15 the commissioner of education. The training provided must include
16 technology training and must occur during regular hours of required
17 teacher service. On the request of a teacher, a school district
18 may credit the teacher compensatory time to be applied toward the
19 number of training hours required under this subsection for
20 workshops, conferences, or other professional training that the
21 teacher has attended.

22 (c) The commissioner of education may approve the operation
23 of schools for less than the number of days of instruction and
24 teacher preparation otherwise required when disasters, floods,
25 extreme weather conditions, fuel curtailments, or other calamities
26 have caused the closing of the school.

27 (d) Each school district may reserve three hours of the

1 first preparation day provided each school year under Subsection
2 (a) of this section for faculty staff meetings.

3 Sec. 16.053. ACCREDITATION. Each school district must be
4 accredited by the Central Education Agency.

5 Sec. 16.054. STUDENT/TEACHER RATIOS; CLASS SIZE.

6 (a) Except as provided by Subsection (b) of this section, each
7 school district must employ a sufficient number of certified
8 teachers to maintain an average ratio of not less than one teacher
9 for each 20 students in average daily attendance.

10 (b) A school district may not enroll more than 22 students
11 in a kindergarten, first, second, third, or fourth grade class.
12 This requirement shall not apply during the last 12 weeks of any
13 school year.

14 (c) In determining the number of students to enroll in any
15 class, a district shall consider the subject to be taught, the
16 teaching methodology to be used, and any need for individual
17 instruction.

18 (d) On application of a school district, the commissioner
19 may except the district from the limits in Subsection (b) of this
20 section if the commissioner finds the limits work an undue hardship
21 on the district. An exception expires at the end of the semester
22 for which it is granted, and the commissioner may not grant an
23 exception for more than one semester at a time.

24 (e) The commissioner shall report to the legislature each
25 biennium regarding compliance with this section. The report must
26 include:

27 (1) a statement of the number of school districts

1 granted an exception under Subsection (d) of this section; and

2 (2) an estimate of the total cost incurred by school
3 districts in that biennium in complying with this section.

4 Sec. 16.055. COMPENSATION OF PROFESSIONAL AND
5 PARAPROFESSIONAL PERSONNEL. (a) A school district must pay each
6 employee who is qualified for and employed in a position classified
7 under the Texas Public Education Compensation Plan set forth in
8 Section 16.056 of this chapter not less than the minimum monthly
9 base salary, plus increments for teaching experience, specified for
10 the position.

11 (b) Contracts for personnel shall be made on the basis of a
12 minimum of 10 months' service, which must include the number of
13 days of instruction for students and days of preparation for
14 personnel required by Section 16.052 of this code. The days of
15 preparation required herein shall be conducted by local boards of
16 education under rules and regulations established by the State
17 Board of Education that are consistent with the state accreditation
18 standards for program planning, preparation, and improvement.
19 Personnel employed for more than 10 months shall be paid not less
20 than the minimum monthly base pay plus increments for experience
21 for each month of actual employment. Personnel employed for 11
22 months at pay grades 1-11 must render 202 days of service, and
23 personnel employed for 12 months at pay grades 1-11 must render 220
24 days of service. Personnel employed for 11 months at pay grades
25 12-18 must render 207 days of service, and personnel employed for
26 12 months at pay grades 12-18 must render 226 days of service.
27 However, the number of days of service required by this subsection

1 may be reduced by the commissioner under Section 16.052(c) of this
2 code, and the reduction shall not reduce the total salaries of
3 personnel.

4 (c) Notwithstanding Subsection (b) of this section, a
5 vocational agriculture teacher employed for 12 months shall render
6 226 days of service regardless of pay grade.

7 Sec. 16.056. TEXAS PUBLIC EDUCATION COMPENSATION PLAN.

8 (a) School district personnel who are qualified for and employed
9 in positions described in Subsection (d) of this section shall be
10 paid not less than the monthly base salary, plus increments for
11 teaching experience, set forth in Subsection (c) of this section,
12 or greater amounts provided by appropriation.

13 (b) Each individual shall advance one step per each year of
14 experience until step 10 is reached. For each year, up to a
15 maximum of two years, of work experience required for certification
16 in a vocational field, a vocational teacher who is certified in
17 that field is entitled to salary step credit as if the work
18 experience were teaching experience.

19 (c) SALARY SCHEDULE BY STEPS

| | | | | | | | | | | | |
|----|------|------|------|------|------|------|------|------|------|------|------|
| 20 | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 21 | 1700 | 1814 | 1928 | 2042 | 2156 | 2270 | 2384 | 2498 | 2612 | 2726 | 2840 |

22 (d) The following positions are entitled to the minimum
23 monthly salary set by Subsection (c) of this section for the number
24 of annual contract months specified:

| | | |
|----|-------------|---------------------------|
| 25 | No. | |
| 26 | Months Paid | Class Title |
| 27 | 10 | Nurse, R.N. and/or |
| 28 | | Bachelor's Degree |
| 29 | 10 | Special Education Related |
| 30 | | Service Personnel (other |

| | | |
|----|----|----------------------------|
| 1 | | than Occupational or |
| 2 | | Physical Therapist), |
| 3 | | Bachelor's Degree |
| 4 | 10 | Teacher, Bachelor's Degree |
| 5 | 10 | Vocational Teacher, |
| 6 | 11 | Bachelor's Degree and/or |
| 7 | 12 | Certified in Field |
| 8 | 10 | Librarian I, Bachelor's |
| 9 | | Degree |
| 10 | 10 | Visiting Teacher I, |
| 11 | | Psychological Associate, |
| 12 | | Bachelor's Degree |
| 13 | 10 | Special Education Related |
| 14 | | Service Personnel (other |
| 15 | | than Occupational or |
| 16 | | Physical Therapist), |
| 17 | | Master's Degree |
| 18 | 10 | Teacher, Master's Degree |
| 19 | 10 | Vocational Teacher, |
| 20 | 11 | Master's Degree |
| 21 | 12 | |
| 22 | 10 | Librarian II, Master's |
| 23 | | Degree |
| 24 | 10 | Physician, M.D. |
| 25 | 10 | Teacher, Bachelor of Laws |
| 26 | | or Doctor of Jurispru- |
| 27 | | dence Degree |
| 28 | 10 | Teacher, Doctor's Degree |
| 29 | 10 | Special Duty Teacher, |
| 30 | | Master's Degree |
| 31 | 10 | Occupational Therapist |
| 32 | 10 | Physical Therapist |
| 33 | 10 | Educational Diagnostician |
| 34 | 10 | Visiting Teacher II, |
| 35 | | Master's Degree |
| 36 | 10 | Counselor I, Psychologist |
| 37 | 10 | School Social Worker |
| 38 | 10 | Supervisor I |
| 39 | 10 | Part-time Principal--11 or |
| 40 | | fewer teachers on campus |
| 41 | 10 | Instructional/Administra- |
| 42 | | tive Officer I |
| 43 | 10 | Assistant Principal--20 or |
| 44 | | more teachers on campus |
| 45 | 10 | Instructional/Administra- |
| 46 | | tive Officer II |
| 47 | 11 | Principal--19 or fewer |
| 48 | | teachers on campus |
| 49 | 10 | Instructional/Administra- |
| 50 | | tive Officer III |
| 51 | 11 | Principal--20-49 teachers |
| 52 | | on campus |
| 53 | 11 | Instructional/Administra- |
| 54 | | tive Officer IV |

| | | |
|----|----|---------------------------|
| 1 | 11 | Principal--50-99 teachers |
| 2 | | on campus |
| 3 | 12 | Principal--100 or more |
| 4 | | teachers on campus |
| 5 | 12 | Instructional/Administra- |
| 6 | | tive Officer V |
| 7 | 12 | Instructional/Administra- |
| 8 | | tive Officer VI |
| 9 | 12 | Superintendent--District |
| 10 | | with 3,000 |
| 11 | | or less ADA |
| 12 | 12 | Instructional/Administra- |
| 13 | | tive Officer VII |
| 14 | 12 | Superintendent--District |
| 15 | | with 3,001-12,500 ADA |
| 16 | 12 | Instructional/Administra- |
| 17 | | tive Officer VIII |
| 18 | 12 | Superintendent--District |
| 19 | | with 12,501-50,000 ADA |
| 20 | 12 | Superintendent--District |
| 21 | | with 50,000 or more ADA |

22 (e) With the approval of the State Board of Education, the
23 commissioner of education may add additional positions and months
24 of service to the Texas Public Education Compensation Plan to
25 reflect curriculum and program changes authorized by law. With the
26 approval of the board, the commissioner shall also develop policies
27 for the implementation and administration of the compensation plan.

28 (f) Each person employed in the public schools of this state
29 who is an educational aide, teacher trainee, or nondegree teacher
30 or who is assigned to a position classified under the Texas Public
31 Education Compensation Plan must be certified according to the
32 certification requirements or standards for each position as
33 established by rule adopted by the State Board of Education.
34 However, additional certification may not be required of a person
35 holding a valid state license as a speech language pathologist or
36 audiologist. Persons other than those holding such a license may
37 only be employed to render such services if an acceptable licensed

1 applicant is not available.

2 (g) The State Board of Education shall prescribe the general
3 duties and required preparation and education for educational
4 aides, teacher trainees, and nondegree teachers and for the
5 positions listed in Subsection (d) of this section under the
6 circumstances described therein.

7 (h) In determining the placement of a teacher on the salary
8 schedule under Subsection (c) of this section, a district shall
9 credit the teacher for each year of experience, whether or not the
10 years are consecutive. Notwithstanding the provision of this
11 subsection, no teacher shall be placed on the salary schedule at a
12 step above the step where the teacher would have been placed had
13 that teacher remained in continuous service.

14 Sec. 16.057. CAREER LADDER SALARY SUPPLEMENT. (a) Except
15 as provided by Subsection (c) of this section, each teacher on
16 level two, three, or four of a career ladder is entitled to the
17 following annual supplement in addition to the minimum salary set
18 by this subchapter:

19 Level 2 \$2,000
20 Level 3 \$4,000
21 Level 4 \$6,000

22 (b) If the district pays more than the state minimum salary
23 prescribed by this subchapter, the teacher is entitled to the
24 career ladder supplement in addition to the amount otherwise paid
25 by the district for the teacher's step.

26 (c) If the allotment under Section 16.158 of this code that
27 is designated for support of the career ladder will not fully fund

1 the supplements under this section:

2 (1) the district may reduce the supplements to not
3 less than the following:

4 Level 2 \$1,500

5 Level 3 \$3,000

6 Level 4 \$4,500

7 or;

8 (2) provide for stricter performance criteria than
9 that provided under Section 13.302 of this code, subject to the
10 approval of the State Board of Education; or

11 (3) take action under both Subdivisions (1) and (2) of
12 this subsection.

13 SUBCHAPTER C. BASIC ENTITLEMENT

14 Sec. 16.101. BASIC ALLOTMENT. For each student in average
15 daily attendance, not including the time students spend each day in
16 special education or vocational education programs for which an
17 additional allotment is made under Subchapter D of this chapter, a
18 district is entitled to an allotment of \$2,300 [~~\$2,200--for--the~~
19 ~~1991-1992-school-year,--\$2,400-for-the-1992-1993-school-year,--\$2,600~~
20 ~~for--the-1993-1994-school-year,--and--\$2,800-for-the-1994-1995-school~~
21 ~~year-and-thereafter]~~ or a greater amount adopted by the foundation
22 school fund budget committee under Section 16.256 of this code [~~for~~
23 ~~the--1993-1994--school--year--and--each-school-year-thereafter]~~. A
24 greater amount for any school year may be provided by
25 appropriation.

26 Sec. 16.102. COST OF EDUCATION ADJUSTMENT. (a) The basic
27 allotment for each district is adjusted to reflect the geographic

1 variation in known resource costs and costs of education due to
2 factors beyond the control of the school district. [~~Except--as~~
3 ~~provided--by--this--section,--the--adjustment--is--that--provided--under~~
4 ~~Section-16-206-of-this-code.~~]

5 (b) The adjustment [~~for-the-1991-1992-and--1992-1993--school~~
6 ~~years~~] is the cost of education index and formula adopted in
7 December 1990 by the foundation school fund budget committee. [~~For~~
8 ~~the-1991-1992-and--1992-1993--school--years,--the--commissioner--of~~
9 ~~education--shall--recalculate--the--cost--of--education--index--for--school~~
10 ~~districts--that--are--eligible--for--the--adjustment--under--Section-16-103~~
11 ~~of--this--code,--excluding--from--the--computation--the--calculation--for~~
12 ~~the--diseconomies--of--scale--component--and--substituting--a--value--of~~
13 ~~1.00.--This-subsection--expires--September-17-1993.~~]

14 Sec. 16.103. SMALL DISTRICT ADJUSTMENT. (a) The basic
15 allotment for certain small districts is adjusted in accordance
16 with Subsections (b) and (c) of this section. In this section:

17 (1) "AA" is the district's adjusted allotment per
18 student;

19 (2) "ADA" is the number of students in average daily
20 attendance for which the district is entitled to an allotment under
21 Section 16.101 of this code; and

22 (3) "ABA" is the adjusted basic allotment determined
23 under Section 16.102 of this code.

24 (b) The basic allotment [~~average--daily--attendance~~] of a
25 school district that contains at least 300 square miles and has not
26 more than 1,600 students in average daily attendance is adjusted by
27 applying the formula:

1 AA = (1 + ((1,600 - ADA) X .0004)) X ABA

2 (c) The basic allotment [~~average--daily--attendance~~] of a
3 school district that contains less than 300 square miles and has
4 not more than 1,600 students in average daily attendance is
5 adjusted by applying the formula:

6 AA = (1 + ((1,600 - ADA) X .00025)) X ABA

7 [~~(e)--This section expires September 17, 1993.~~]

8 Sec. 16.1031. USE OF SMALL DISTRICT ADJUSTMENT IN
9 CALCULATING SPECIAL ALLOTMENTS. In determining the amount of a
10 special allotment under Subchapter D of this chapter for a district
11 to which Section 16.103 of this code applies, a district's adjusted
12 basic allotment is considered to be the district's adjusted
13 allotment determined under Section 16.103. [~~This--section--expires~~
14 ~~September 17, 1993.~~]

15 Sec. 16.104. SPARSITY ADJUSTMENT. Notwithstanding Sections
16 16.101, 16.102, and 16.103 of this code, a school district that has
17 fewer than 130 students in average daily attendance shall be
18 provided an adjusted basic allotment on the basis of 130 average
19 daily attendance if it offers a kindergarten through grade 12
20 program and has prior or current year's average daily attendance of
21 at least 90 students or is 30 miles or more by bus route from the
22 nearest high school district. A district offering a kindergarten
23 through grade 8 program whose prior or current year's average daily
24 attendance was at least 50 students or which is 30 miles or more by
25 bus route from the nearest high school district shall be provided
26 an adjusted basic allotment on the basis of 75 average daily
27 attendance. An average daily attendance of 60 students shall be

1 the basis of providing the adjusted basic allotment if a district
2 offers a kindergarten through grade 6 program and has prior or
3 current year's average daily attendance of at least 40 students or
4 is 30 miles or more by bus route from the nearest high school
5 district. [~~This section expires September 17, 1993.~~]

6 SUBCHAPTER D. SPECIAL ALLOTMENTS

7 Sec. 16.151. SPECIAL EDUCATION. (a) For each full-time
8 equivalent student in average daily attendance in a special
9 education program under Subchapter N, Chapter 21, of this code, a
10 district is entitled to an annual allotment equal to the adjusted
11 basic allotment multiplied by a weight determined according to
12 instructional arrangement as follows:

13 Homebound.....5.0

14 Hospital class.....5.0

15 Speech therapy.....7.11

16 Resource room.....2.7

17 Self-contained, mild and moderate, regular campus...2.3

18 Self-contained, severe, regular campus.....3.5

19 Self-contained, separate campus.....2.7

20 Multidistrict class.....3.5

21 Nonpublic day school.....3.5

22 Vocational adjustment class.....2.3

23 Community class.....3.5

24 Mainstream.....0.25

25 (b) A special instructional arrangement for handicapped
26 students residing in care and treatment facilities, other than
27 state schools, whose parents or guardians do not reside in the

1 district providing education services shall be established under
2 the rules of the State Board of Education. The funding weight for
3 this arrangement shall be 5.0 for those students who receive their
4 education service on a local school district campus. A special
5 instructional arrangement for handicapped students residing in
6 state schools shall be established under the rules of the State
7 Board of Education with a funding weight of 5.0.

8 (c) [~~te~~] The State Board of Education by rule shall
9 prescribe the qualifications an instructional arrangement must meet
10 in order to be funded as a particular instructional arrangement
11 under this section.

12 (d) [~~tf~~] In this section, "full-time equivalent student"
13 means 30 hours of contact a week between a special education
14 student and special education program personnel.

15 (e) [~~tg~~] The State Board of Education shall adopt rules and
16 procedures governing contracts for residential placement of special
17 education students. The legislature shall provide by appropriation
18 for the state's share of the costs of those placements.

19 (f) [~~th~~] Funds allocated under this section, other than an
20 indirect cost allotment established under State Board of Education
21 rule, must be used in the special education program under
22 Subchapter N, Chapter 21, of this code.

23 (g) [~~ti~~] In the determination of instructional arrangements
24 for students in residential instructional arrangements, the State
25 Board of Education shall develop arrangements that encourage
26 placement of students in the least restrictive environment
27 appropriate for their educational needs.

1 (h) [(††)] The Central Education Agency shall encourage the
2 placement of students in special education programs in the least
3 restrictive environment appropriate for their educational needs.
4 The Central Education Agency shall provide transitional support for
5 the movement of students from self-contained severe (totally
6 self-contained) to self-contained mild and moderate (partially
7 self-contained) instructional arrangements. For each student
8 placed in a partially self-contained classroom who was placed in a
9 totally self-contained classroom for at least two-thirds of the
10 prior year, a district will receive \$2,500. This payment must be
11 used to facilitate the placement of the student in the less
12 restrictive environment (partially self-contained classroom). A
13 district may not receive more than one support payment for any
14 individual student. This support payment shall be forfeited by the
15 district if the student is returned to the totally self-contained
16 classroom instructional arrangement within one month of placement
17 into the partially self-contained classroom or within one year of
18 initial reclassification without adequate justification.

19 (i) [(†*)] A school district that maintains for two
20 successive years a ratio of full-time equivalent students placed in
21 totally self-contained classrooms to the number of full-time
22 equivalent students placed in partially self-contained classrooms
23 that is 25 percent higher than the statewide average ratio shall be
24 reviewed by the Central Education Agency to determine the
25 appropriateness of student placement. To the extent that there are
26 net cost savings to the state resulting from the movement of
27 students from totally self-contained to partially self-contained,

1 as provided in Subsection (h) [~~(f)~~] of this section, those net
2 savings will be directed to regional education service centers to
3 provide technical assistance in accordance with Section 11.33(c) of
4 this code regarding the movement of students to less restrictive
5 environments to those school districts whose ratio of full-time
6 equivalent students placed in totally self-contained classrooms is
7 25 percent higher than the statewide average.

8 (j) [~~(f)~~] A student in a mainstream instructional
9 arrangement who is not also in another instructional arrangement as
10 provided in Subsection (a) of this section is provided the support
11 necessary for the student to remain in the regular classroom. This
12 support may include related services as defined in Section 21.502
13 of this code, special teaching, or other special education support
14 services while in the regular classroom.

15 Sec. 16.152. COMPENSATORY EDUCATION ALLOTMENT. (a) For
16 each student who is educationally disadvantaged or who is a
17 nonhandicapped student residing in a residential placement facility
18 in a district in which the student's parent or legal guardian does
19 not reside, a district is entitled to an annual allotment equal to
20 the adjusted basic allotment multiplied by 0.2, and by 2.41 for
21 each full-time equivalent student who is in a remedial and support
22 program under Section 21.557 of this code because the student is
23 pregnant.

24 (b) For purposes of this section, the number of
25 educationally disadvantaged students is determined by averaging the
26 best six months' enrollment in the national school lunch program of
27 free or reduced-price lunches for the preceding school year.

1 (c) Funds allocated under this section, other than an
2 indirect cost allotment established under State Board of Education
3 rule, which shall not exceed 15 percent, must be used in providing
4 remedial and compensatory education programs under Section 21.557
5 of this code, and the district must account for the expenditure of
6 state funds by program and by campus. Funds allocated under this
7 section, other than the indirect cost allotment, shall only be
8 expended to improve and enhance programs and services funded under
9 the regular education program.

10 (d) The Central Education Agency shall evaluate the
11 effectiveness of remedial and support programs provided under
12 Section 21.557 of this code for students at risk of dropping out of
13 school.

14 (e) A school district in which the actual dropout rate in
15 any school year exceeds the state's dropout rate goal for that year
16 under Subsection (a) of Section 11.205 of this code shall, for the
17 school year immediately following that school year, allocate a
18 percentage of the district's allotment under this section to
19 remedial and support programs under Section 21.557 of this code for
20 students at risk of dropping out of school. The percentage
21 allocated to those programs must be at least equal to the state's
22 actual dropout rate for the preceding year. The programs must be
23 programs authorized by the State Board of Education. The Central
24 Education Agency shall provide to the district technical assistance
25 in reducing the district's dropout rate. At the request of a
26 district, the commissioner of education may exempt the district
27 from the requirements of this section if the commissioner finds

1 that special circumstances in the district merit the exemption.

2 (f) The commissioner of education may:

3 (1) retain a portion of the total amount allotted
4 under Subsection (a) of this section that the commissioner
5 considers appropriate to finance pilot programs under Section
6 11.191 of this code and to finance intensive remedial instruction
7 programs and study guides provided under Sections 21.552(b) and (c)
8 of this code; and

9 (2) reduce each district's tier one allotments in the
10 same manner described for a reduction in allotments under Section
11 16.254 of this code [~~allotment-proportionately~~].

12 (g) From the total amount of funds appropriated for
13 allotments under this section, the commissioner of education shall,
14 each fiscal year, withhold the amount of \$10,000,000 and distribute
15 that amount for programs under Section 21.114 of this code. The
16 program established under that section is required only in school
17 districts in which the program is financed by funds distributed
18 under this section and any other funds available for the program.

19 (h) The commissioner of education shall coordinate the funds
20 withheld under Subsection (g) of this section and any other funds
21 available for the program and shall distribute those funds. To
22 receive funds for the program, a school district must apply to the
23 commissioner. The commissioner shall give a preference to the
24 districts that apply that have the highest concentration of
25 students who are pregnant or who are parents.

26 (i) The commissioner of education shall withhold funds
27 allocated under this section to a district that fails to timely

1 prepare or make available on request of a member of the general
2 public the report required under Section 21.557(i) of this code.
3 The commissioner may restore withheld funds only when the
4 commissioner is satisfied that the district has provided the
5 information requested.

6 (j) [~~††~~] After deducting the amount withheld under
7 Subsection (g) of this section from the total amount appropriated
8 for the allotment under Subsection (a) of this section, the
9 commissioner of education shall reduce each district's tier one
10 allotments in the same manner described for a reduction in
11 allotments under Section 16.254 of this code [~~allotment-under~~
12 ~~Subsection-(a)-proportionately~~] and shall allocate funds to each
13 district accordingly.

14 (k) [~~††~~] From the total amount of funds appropriated for
15 allotments under this section, the commissioner of education shall,
16 each fiscal year, withhold the amount of \$5,000,000 and distribute
17 that amount for programs under Subchapter V, Chapter 21, of this
18 code. A program established under that subchapter is required only
19 in school districts in which the program is financed by funds
20 distributed under this section or other funds distributed by the
21 commissioner for a program under that subchapter.

22 (l) [~~††~~] The commissioner of education shall coordinate the
23 funds withheld under Subsection (k) [~~††~~] of this section and any
24 other funds available for the program and shall distribute those
25 funds. To receive funds for the program, a school district must
26 apply to the commissioner. The commissioner shall give a
27 preference to the districts that apply that have the highest

1 concentration of at-risk students. For each school year that a
2 school district receives funds under this section, the district
3 shall allocate an amount of local funds for school guidance and
4 counseling programs that is equal to or greater than the amount of
5 local funds that the school district allocated for that purpose
6 during the preceding school year.

7 (m) [††] After deducting the amount withheld under
8 Subsection (k) [††] of this section from the total amount
9 appropriated for the allotment under Subsection (a) of this
10 section, the commissioner of education shall reduce each district's
11 tier one allotments in the same manner described for a reduction in
12 allotments under Section 16.254 of this code [~~allotment-under~~
13 ~~Subsection-(a)-on-a-per-pupil-basis~~].

14 Sec. 16.153. BILINGUAL EDUCATION ALLOTMENT. (a) For each
15 student in average daily attendance in a bilingual education or
16 special language program under Subchapter L, Chapter 21, of this
17 code, a district is entitled to an annual allotment equal to the
18 adjusted basic allotment multiplied by 0.1.

19 (b) Funds allocated under this section, other than an
20 indirect cost allotment established under State Board of Education
21 rule, must be used in providing bilingual education or special
22 language programs under Subchapter L, Chapter 21, of this code.

23 (c) A district's bilingual education or special language
24 allocation may be used only for program and pupil evaluation,
25 instructional materials and equipment, staff development,
26 supplemental staff expenses, salary supplements for teachers, and
27 other supplies required for quality instruction and smaller class

1 size.

2 Sec. 16.155. VOCATIONAL EDUCATION ALLOTMENT. (a) For each
3 full-time equivalent student in average daily attendance in an
4 approved vocational education program in grades nine through 12 or
5 in vocational education for the handicapped programs in grades
6 seven through 12, a district is entitled to an annual allotment
7 equal to the adjusted basic allotment multiplied by a weight of
8 1.37.

9 (b) In this section, "full-time equivalent student" means 30
10 hours of contact a week between a student and vocational education
11 program personnel.

12 (c) Funds allocated under this section, other than an
13 indirect cost allotment established under State Board of Education
14 rule, must be used in providing vocational education programs in
15 grades nine through 12 or vocational education for the handicapped
16 programs in grades seven through 12 under the provisions of
17 Sections 21.111, 21.1111, and 21.112 of this code.

18 (d) The indirect cost allotment established under board
19 rules shall first be effective for the 1991-1992 school year
20 consistent with the weight effective that year.

21 (e) The commissioner shall conduct a cost-benefit comparison
22 between vocational education programs and mathematics and science
23 programs.

24 (f) [th] Out of the total statewide allotment for
25 vocational education under this section, the commissioner of
26 education shall set aside an amount specified in the General
27 Appropriations Act, which may not exceed an amount equal to one

1 percent of the total amount appropriated, to support regional
2 vocational education planning committees established under Section
3 21.115(b) of this code. After deducting the amount set aside under
4 this subsection from the total amount appropriated for vocational
5 education under this section, the commissioner shall reduce each
6 district's tier one allotments [~~allotment~~] in the same manner
7 described for a reduction in allotments [~~state-funds~~] under Section
8 16.254 [~~16-254(d)~~] of this code.

9 Sec. 16.156. TRANSPORTATION ALLOTMENT. (a) Each district
10 or county operating a transportation system is entitled to
11 allotments for transportation costs as provided by this section.

12 (b) As used in this section:

13 (1) "Regular eligible pupil" means a pupil who resides
14 two or more miles from his or her campus of regular attendance,
15 measured along the shortest route that may be traveled on public
16 roads, and who is not classified as an eligible handicapped pupil.

17 (2) "Eligible handicapped pupil" means a pupil who is
18 handicapped as defined in Section 21.503 of this code and who would
19 be unable to attend classes without special transportation
20 services.

21 (3) "Linear density" means the average number of
22 regular eligible pupils transported daily, divided by the approved
23 daily route miles traveled by the respective transportation system.

24 (c) Each district or county operating a regular
25 transportation system is entitled to an allotment based on the
26 daily cost per regular eligible pupil of operating and maintaining
27 the regular transportation system and the linear density of that

1 system. In determining the cost, the commissioner shall give
2 consideration to factors affecting the actual cost of providing
3 these transportation services in each district or county. The
4 average actual cost is to be computed by the commissioner of
5 education and included for consideration by the Foundation School
6 Fund Budget Committee and the legislature in the General
7 Appropriations Act. The allotment per mile of approved route may
8 not exceed the amount set by appropriation.

9 (d) A district or county may apply for and on approval of
10 the commissioner of education receive an additional amount of up to
11 10 percent of its regular transportation allotment to be used for
12 the transportation of children living within two miles of the
13 school they attend who would be subject to hazardous traffic
14 conditions if they walked to school. Each board of trustees shall
15 provide to the commissioner the definition of hazardous conditions
16 applicable to that district and shall identify the specific
17 hazardous areas for which the allocation is requested. A hazardous
18 condition exists where no walkway is provided and children must
19 walk along or cross a freeway or expressway, an underpass, an
20 overpass or a bridge, an uncontrolled major traffic artery, an
21 industrial or commercial area, or another comparable condition.

22 (e) The [state] commissioner of education may grant an
23 amount set by appropriation for private or commercial
24 transportation for eligible pupils from isolated areas. The need
25 for this type of transportation grant shall be determined on an
26 individual basis and the amount granted shall not exceed the actual
27 cost. The grants shall be made only in extreme hardship cases, and

1 no grants shall be made if the pupils live within two miles of an
2 approved school bus route.

3 (f) The cost of transporting vocational education students
4 from one campus to another inside a district or from a sending
5 district to another secondary public school for a vocational
6 program or an area vocational school or to an approved
7 post-secondary institution under a contract for instruction
8 approved by the Central Education Agency shall be reimbursed based
9 on the number of actual miles traveled times the district's
10 official extracurricular travel per mile rate as set by their local
11 board of trustees and approved by the Central Education Agency.

12 (g) A school district or county that provides special
13 transportation services for eligible handicapped pupils is entitled
14 to a state allocation paid on a previous year's cost-per-mile
15 basis. The maximum rate per mile allowable shall be set by
16 appropriation based on data gathered from the first year of each
17 preceding biennium. Districts may use a portion of their support
18 allocation to pay transportation costs, if necessary. The
19 commissioner of education may grant an amount set by appropriation
20 for private transportation to reimburse parents or their agents for
21 transporting eligible handicapped pupils. The mileage allowed
22 shall be computed along the shortest public road from the pupil's
23 home to school and back, morning and afternoon. The need for this
24 type transportation shall be determined on an individual basis and
25 shall be approved only in extreme hardship cases.

26 (h) The allocation for eligible regular students transported
27 by the regular transportation system shall be increased by five

1 percent for any district or county school board which has complied
2 with the provisions of Section 21.173 of this code in accordance
3 with rules adopted by the State Board of Education.

4 (i) Funds allotted under this section must be used in
5 providing transportation services.

6 (j) In the case of a district belonging to a county
7 transportation system, the district's transportation allotment for
8 purposes of determining a district's foundation school program
9 allocations shall be determined on the basis of the number of
10 approved daily route miles in the district multiplied by the
11 allotment per mile to which the county transportation system is
12 entitled.

13 Sec. 16.158. CAREER LADDER ALLOTMENT. (a) Each district is
14 entitled to an allotment for support of the career ladder equal to
15 its unadjusted average daily attendance multiplied by \$90.

16 (b) An allotment under this section may be used only for the
17 purposes of career ladder supplements.

18 (c) From the funds designated for that purpose, the district
19 shall supplement the salary of each teacher above level one on the
20 career ladder. The district shall decide the amount of supplement
21 to be provided at each career ladder level.

22 (d) Money received under this section may not be used to
23 supplement the salary of an employee for directing cocurricular or
24 extracurricular activities.

25 Sec. 16.159. GIFTED AND TALENTED STUDENT ALLOTMENT.

26 (a) For each student a school district serves in a Central
27 Education Agency approved program for gifted and talented students

1 under Subchapter Q, Chapter 21, of this code or, in the case of a
2 district that is developing a program in accordance with standards
3 established by the commissioner of education, for each student the
4 district identifies as gifted and talented under State Board of
5 Education criteria, a district is entitled to an annual allotment
6 equal to the district's adjusted basic allotment as determined
7 under Section 16.102 or Section 16.103 of this code, as applicable,
8 multiplied by .12 for each school year or a greater amount provided
9 by appropriation.

10 (b) Funds allocated under this section, other than the
11 amount that represents the program's share of general
12 administrative costs, must be used in providing approved programs
13 for gifted and talented students under Subchapter Q, Chapter 21, of
14 this code or, in the case of a district that has not yet
15 established a program, in developing programs for gifted and
16 talented students. Each district must account for the expenditure
17 of state funds as provided by rule of the State Board of Education.
18 If by the end of the 12th month after receiving an allotment for
19 developing a program a district has failed to implement an approved
20 program, the district must refund the amount of the allotment to
21 the agency within 30 days.

22 (c) Not more than five percent of a district's students in
23 average daily attendance are eligible for funding under this
24 section.

25 (d) If the amount of state funds for which school districts
26 are eligible under this section exceeds the amount of state funds
27 appropriated in any year for the programs, the commissioner of

1 education shall reduce each district's tier one allotments in the
2 same manner described for a reduction in allotments under Section
3 16.254 of this code [allotment-on-a-pro-rata-basis].

4 (e) If the total amount of funds allotted under this section
5 before a date set by rule of the State Board of Education is less
6 than the total amount appropriated for a school year, the
7 commissioner shall distribute the remainder proportionately to the
8 districts that have received an allotment, and no other districts
9 are eligible for an allotment for that school year.

10 (f) After each district has received allotted funds for this
11 program, the State Board of Education may use up to \$500,000 of the
12 funds allocated under this section for programs such as Future
13 Problem Solving Olympics of the Mind, and Academic Decathlon, as
14 long as these funds are used to train personnel and provide program
15 services. To be eligible for funding under this section, a program
16 must be determined by the State Board of Education to provide
17 services that are effective and consistent with the state plan for
18 gifted and talented education.

19 Sec. 16.160. TECHNOLOGY FUNDS. (a) Developmental and
20 technology allotment allocations under the provisions of Chapter 14
21 are included in the Foundation School Program.

22 (b) Each district shall be allotted the amount specified in
23 Section 14.063 of this code after deductions by the commissioner of
24 education for the purposes of financing programs authorized under
25 Subchapter C, Chapter 14, of this code.

26 SUBCHAPTER F. ACCOUNTABLE COSTS OF EDUCATION

27 Sec. 16.201. PURPOSE. The accountable costs of education

1 studies are designed to support the development of the equalized
2 funding elements necessary to provide an efficient state and local
3 public school finance system which meets the state policy
4 established in Section 16.001 of this code and provides the
5 research basis for the equalized funding elements under the
6 provisions of Section 16.256 of this code.

7 [Sec.--16.202---STUDIES---On-a-biennial-basis,--the-Legislative
8 Education--Board--and--the--Legislative--Budget--Board,--with---the
9 assistance--of--the--Educational--Economic--Policy--Center--and--the
10 Central-Education-Agency,--shall--complete--each--of--the--following
11 studies--and-develop-recommended-amounts-where-appropriate-for-each
12 year-of-the-next-biennium;

13 [{1}--a-study-of-the-fiscal-neutrality-of-the-system-to
14 determine-the-status-of-the-state-and--local--finance--system--with
15 regard--to-the-policies-established-under-the-provisions-of-Section
16 16.001-of-this--code,--including--recommendations--for--adjustments
17 necessary-to-maintain-fiscal-neutrality;

18 [{2}--the--accountable--costs--per--student--to--school
19 districts--of--providing-educational-programs,--personnel,--and--other
20 operating-costs-that-meet-accreditation-criteria-and-the-provisions
21 of-law-and-regulation;

22 [{3}--program-cost-differentials-designed-by-program-to
23 provide-support-for-the--added--expense--of--high-cost--courses--or
24 programs--for--students--participating-in-such-courses-or-programs,
25 with-the-program-funding-level-expressed-as-dollar-amounts--and--as
26 weights-applied-to-the-adjusted-basic-allotment-for-the-appropriate
27 year;

1 [(4) -- transportation and career ladder allotments;
2 [(5) -- the levels of tax effort necessary for each tier
3 of the Foundation School Program necessary to fulfill the
4 requirements of Sections 16.001 and 16.008 of this code; and

5 [(6) -- capital outlay and debt service requirements and
6 formula elements for the requirements of Subchapter F of this
7 chapter or other provisions of this chapter.

8 [Sec. 16.203 -- PROCEDURES. ----- (a) --- The program cost
9 differentials developed jointly by the Legislative Education Board
10 and the Legislative Budget Board shall be submitted to the
11 foundation school fund budget committee for adoption beginning with
12 the 1993-1994 school year. If the foundation school fund budget
13 committee fails to adopt by April 1 the program cost differentials
14 for the following school year, the commissioner of education, after
15 considering the recommendations developed by those boards, shall
16 adopt program cost differentials.

17 [(b) -- The commissioner of education shall provide appropriate
18 assistance to the boards for the calculation of the various funding
19 elements. Subject to review by the Legislative Education Board,
20 the commissioner of education shall retain from the allotments
21 under Sections 16.102 and 16.103 of this code and Subchapter B of
22 this chapter amounts appropriate to finance necessary additional
23 costs for the studies required under this subchapter.

24 [(c) -- The boards may appoint advisory committees to assist in
25 the development of the various funding elements and studies
26 required under this subchapter. Advisory committee members serve
27 without compensation but are entitled to reimbursement for actual

1 and-necessary-expenses-incurred-in-the-performance-of-their-duties.
2 Reimbursement-shall-be-from-funds-available-under-Subsection-(b)-of
3 this-section-or-from-other-funds-available-to-the-boards.

4 [(d)--In-the-studies-relating-to-program--cost--differentials
5 the--boards--shall--give--special--consideration--to--cost--factors
6 associated---with---class--size,--laboratory--expenses,--materials,
7 equipment,--teacher-training,--necessary-salary-supplementation,--and
8 special--services--related--to--individual--courses--or--groups--of
9 courses.

10 [Sec.-16.204.--NAVAL--MILITARY--FACILITY--IMPACT.----(a)--The
11 model-on-which-a-cost-of-education-index-is-based-must-specifically
12 consider-the-impact-of-a-significant-new-naval-military-facility-on
13 each-district-in-an-impacted-region.

14 [(b)--If-the-construction-or-operation-of-a--significant--new
15 naval---military---facility---begins--during--a--school--year,--the
16 Legislative-Education-Board-and-the-Legislative-Budget-Board--shall
17 recommend--the-adjustment-of-the-basic-allotment-during-that-school
18 year-to-consider--any--impact--of--the--facility--on--the--cost--of
19 education-index-of-the-districts-in-the-impacted-region.

20 [(c)--In---this--section,--"significant--new--naval--military
21 facility"--and--"impacted--region"--have--the--meanings--assigned--by
22 Section--4,--Article-17-National-Defense-Impacted-Region-Assistance
23 Act-of-1985-(Article-689a-4d,--Vernon's-Texas-Civil-Statutes).

24 [(d)--This-section-expires-September-17--1993.]

25 Sec. 16.205. EFFICIENCY IN ADMINISTRATION REPORT. (a) The
26 commissioner of education shall conduct a study to determine the
27 most appropriate and efficient method for reporting and monitoring

1 the allocation of resources by school districts.

2 (b) The study shall identify the most effective means for
3 calculating, monitoring, and reporting the proportion of resources
4 that school districts allocate for their administrative costs and
5 shall include administrator-teacher ratios.

6 (c) The study shall include a description of average
7 efficient administrative expenditures by districts with
8 consideration of district size and demographics.

9 (d) Prior to the beginning of each regular session of the
10 legislature, the agency shall provide a report with recommendations
11 to the Legislative Education Board and the legislature.

12 ~~[(e)--The--study--is--an--element--of--the--study--of--accountable~~
13 ~~costs--of--education--under--this--subchapter--~~

14 ~~[Sec.--16.206.--COST--ADJUSTMENTS.-----{a}----The---lieutenant~~
15 ~~governor--shall--appoint--five--members--of--the--senate--and--the--speaker~~
16 ~~of--the--house--of--representatives--shall--appoint--five--members--of--the~~
17 ~~house--to--a--committee--to--conduct--a--study--of--certain--costs--of~~
18 ~~providing--public--education--as--provided--by--this--section.---The~~
19 ~~lieutenant--governor--and--the--speaker--shall--make--the--appointments--not~~
20 ~~later--than--September--17--1991--~~

21 ~~[(b)--The--committee--shall--examine--methods--of--adjusting--for~~
22 ~~specific--resource--cost--variations--caused--by--factors--beyond--the~~
23 ~~control---of--school--districts.---The--committee--shall--recommend~~
24 ~~adjustments--for--these--factors--that--will--provide--the--most--efficient~~
25 ~~service--delivery--considering--optimum--district--size, enrollment~~
26 ~~growth, and other cost factors.---For the purpose of the study,--the~~
27 ~~committee--shall--divide--districts--and--campuses--into--a--variety--of~~

1 categories--that--may--include---region,---size,---area,---density,
2 educational-characteristics,--and-economic-conditions.

3 [(c)--The--committee--may--appoint--one--or--more--advisory--panels
4 to--assist--the--committee--in--conducting--the--study.---Advisory--panel
5 members---serve---without---compensation---but---are---entitled--to
6 reimbursement--for--actual--and--necessary--expenses--incurred--in--the
7 performance--of--their--duties.

8 [(d)--The---committee--shall--recommend--adjustments--to--the
9 Foundation-School-Program-for-resource-cost--variations--caused--by
10 factors--beyond--the--control--of--school--districts--to--the--foundation
11 school--fund--budget--committee--not--later--than--June--17--1992.---The
12 adjustments--shall--include:

13 [(1)--an--adjustment--to--account--for--fast-enrollment
14 growth--and--other--factors--relevant--to--a--district's--need--for
15 facilities;--and

16 [(2)--appropriate--treatment--of--the--calculation---of
17 weighted-students-under-Section-16.302-of-this-code.

18 [(e)--The--foundation--school--fund--budget--committee--by--rule
19 shall--adopt--adjustments--to--the--Foundation--School--Program--for
20 resource--cost--variations--beyond--the--control--of--school--districts--to
21 apply--beginning--with--the--1993-1994--school--year.---The--foundation
22 school--fund--budget--committee--shall--report--the--adjustments--adopted
23 to--the--legislature--and--the--commissioner--of--education.---If--the
24 foundation---school--fund--budget--committee--fails--to--adopt--the
25 adjustments--by--November--17--1992,--the--commissioner--of--education--by
26 rule--shall--adopt--adjustments--not--later--than--December--17--1992.

27 [(f)--The--rules--adopted--under--this--section--apply--beginning

1 with-the-1993-1994-school-year---if-no-rules-are-adopted-under-this
2 section,--the--basic-allotment-calculated-under-Sections-16-008-and
3 16-256(e)-of-this-code-shall-be--increased--to--reflect--the--costs
4 associated-with-the-adjustments-made-by-the-cost-of-education-index
5 and-formula-for-the-1992-1993-school-year-]

6 SUBCHAPTER G. FINANCING THE PROGRAM

7 Sec. 16.251. FINANCING; GENERAL RULE. (a) The sum of the
8 basic allotment under Subchapter C and[7] the special allotments
9 under Subchapter D, computed in accordance with this chapter,
10 constitute the tier one allotments. The sum of the tier one
11 allotments and the guaranteed yield allotments under Subchapter H,
12 computed in accordance with [the--provisions--of] this chapter,
13 constitute the total cost of the Foundation School Program.

14 (b) The program shall be financed by:

15 (1) ad valorem tax revenue generated by an equalized
16 uniform school [county-education] district effort;

17 (2) ad valorem tax revenue generated by local school
18 district effort in excess of the equalized uniform school [county
19 education] district effort;

20 (3) state available school funds distributed in
21 accordance with law; and

22 (4) state funds appropriated for the purposes of
23 public school education and allocated to each district in an amount
24 sufficient to finance the cost of each district's Foundation School
25 Program not covered by other funds specified in this subsection.

26 (c) The commissioner of education shall compute for each
27 school district the total amount, if any, by which the district's

1 total revenue is reduced from one school year to the next because
2 of a change in the method of finance under this chapter. The
3 commissioner shall certify the amount of the reduction to the
4 school district for use in determining the school district's
5 rollback rate under Section 26.08, Tax Code.

6 Sec. 16.252. LOCAL SHARE OF PROGRAM COST (TIER ONE).

7 (a) Each school [~~county--education~~] district's share of the
8 Foundation School Program shall be an amount determined by the
9 following formula:

10
$$\text{LFA} = \text{TR} \times \text{DPV}$$

11 where:

12 "LFA" is the school [~~county--education~~] district's local
13 share;

14 "TR" is a tax rate which for each hundred dollars of
15 valuation is an effective tax rate of \$0.86 [~~\$0.72--for--the~~
16 ~~1991-1992--school--year,--\$0.82--for--the--1992-1993--school--year,--\$0.92~~
17 ~~for--the--1993-1994--school--year,--and--\$1.00--for--each--school--year~~
18 ~~thereafter~~]; and

19 "DPV" is the taxable value of property in the school [~~county~~
20 ~~education~~] district for the prior tax year determined under Section
21 11.86 of this code.

22 (b) The commissioner of education shall adjust the values
23 reported in the official report of the comptroller as required by
24 Section 5.09(a), [~~Property~~] Tax Code, to reflect reductions in
25 taxable value of property resulting from natural or economic
26 disaster after January 1 in the year in which the valuations are
27 determined. The decision of the commissioner of education shall be

1 final. An adjustment does not affect the local fund assignment of
2 any other school [county-education] district.

3 (c) Appeals of district values shall be held pursuant to
4 Subsection (e) of Section 11.86 of this code.

5 (d) A [county--education] district shall raise its total
6 local share of the foundation school program. [~~The funds shall be~~
7 ~~reallocated to the school districts in the county education~~
8 ~~district in the manner prescribed by Subchapter 3 of this chapter.~~]

9 (e) The commissioner of education shall hear appeals from
10 school [county-education] districts which have experienced a rapid
11 decline in tax base used in calculating the local fund assignment,
12 exceeding eight percent of prior year, that is beyond the control
13 of the board of trustees of the [county-education] district. The
14 commissioner of education may adjust the [county--education]
15 district's taxable values for local fund assignment purposes for
16 such losses in value exceeding eight percent and thereby adjust the
17 local fund assignment to reflect the local current year taxable
18 value. The decision of the commissioner of education shall be
19 final. An adjustment does not affect the local fund assignment of
20 any other school [county-education] district.

21 Sec. 16.254. DISTRIBUTION OF FOUNDATION SCHOOL FUND.

22 (a) Before September 1 of each odd-numbered year, the [The]
23 commissioner of education shall determine for each year of the
24 state fiscal biennium [~~annually~~]:

25 (1) the amount of money necessary to operate a
26 Foundation School Program in each school district;

27 (2) the amount of local funds each [~~due--the~~] school

1 district must raise to meet its ~~[from-the]~~ local fund assignment
2 ~~[of-the-county-education-district]~~; and

3 (3) the amount of state available school funds
4 distributed to each school district.

5 (b) The commissioner shall base the determinations under
6 Subsection (a) of this section on the estimates provided to the
7 legislature under Section 16.2541 of this code for each school
8 district for each school year.

9 (c) The commissioner of education shall then notify ~~[grant~~
10 ~~to]~~ each school district of the initial amount to which it is
11 entitled as a grant from the foundation school fund. The initial
12 entitlement is equal to ~~[from--the--Foundation--School--Program~~
13 ~~appropriation--the--amount--of--funds--necessary--to--provide]~~ the
14 difference between Subdivision (1) and the sum of Subdivisions (2)
15 and (3) of Subsection (a) of this section.

16 (d) ~~[{e}]~~ The commissioner shall approve warrants to each
17 school district equaling the amount of its initial entitlement
18 except as provided by this section ~~[grant]~~. Warrants for all money
19 expended according to the provisions of this chapter shall be
20 approved and transmitted to treasurers or depositories of school
21 districts in the same manner as warrants for state apportionment
22 are transmitted.

23 (e) The commissioner shall compute adjusted entitlements for
24 districts as data for the school year becomes available. Not later
25 than January 31 of each year, the commissioner shall inform each
26 district of its adjusted entitlement for the current school year
27 and the amount of difference between the adjusted entitlement and

1 the initial entitlement. The commissioner may continue to compute
2 adjusted entitlements throughout the remainder of the fiscal year
3 as data becomes available.

4 (f) The commissioner shall increase or reduce the amount of
5 warrants for current year state aid to each school district by the
6 amount of difference between the district's adjusted entitlement
7 and its initial entitlement, not to exceed the funds appropriated
8 for the current fiscal year.

9 (g) Not later than January 31 of each odd-numbered year, the
10 commissioner shall determine whether the amount of funds
11 appropriated for foundation school fund purposes will be sufficient
12 to satisfy all estimated payments to be made in the second year of
13 the fiscal biennium. If the appropriated funds are not sufficient,
14 the commissioner shall certify the amount of difference to the
15 foundation school fund budget committee. The committee shall
16 propose to the legislature that the certified amount be transferred
17 to the foundation school fund from the economic stabilization fund
18 or any other available source and appropriated for the purpose of
19 increases in payments under this section.

20 (h) If the legislature fails to enact a transfer and
21 appropriation as proposed in Subsection (g) or fails to appropriate
22 additional funds, the commissioner shall reduce the total
23 allotments under Subchapters C and D for each district so that the
24 resulting computed state aid for the current year for all school
25 districts, plus adjustments to payments from prior years authorized
26 by this section, equals the amount available for distribution from
27 the foundation school fund, and so that each district's share of

1 the total reduction of school district allotments is equal to the
2 district's share of the taxable value of property, as determined
3 under Section 11.86, of all districts in the state. The
4 commissioner shall adjust warrants to each school district
5 accordingly. The following fiscal year, a district's allotments
6 are increased by an amount equal to the reduction in warrants made
7 under this subsection.

8 (i) If the legislature appropriates all or a portion of the
9 funds computed to be required in Subsection (g), the commissioner
10 shall increase warrants to districts immediately, not to exceed the
11 total funds appropriated.

12 (j) The commissioner may adjust the amount of warrants to
13 reflect the current year adjusted entitlement if a district is
14 egregiously harmed or benefited from an error in the computation of
15 the initial entitlement, including the estimates provided under
16 Section 16.2541.

17 ~~[(d)--Notwithstanding any other provision of this chapter, if~~
18 ~~for any year the total--state's--share--of--the--Foundation--School~~
19 ~~Program, as determined under this chapter, exceeds the total amount~~
20 ~~appropriated for that year, the commissioner shall reduce the total~~
21 ~~amount--of--state--funds--allocated--to--each--district--by--an--amount~~
22 ~~determined by a method under which--the--application--of--the--same~~
23 ~~number--of--cents--of--increase--in--tax--rate--applied--to--the--taxable~~
24 ~~value of property of each district, as determined under Section~~
25 ~~11.86--of--this--code, results in a levy for each district equal to~~
26 ~~the amount deducted from that district's allocation.~~

27 ~~[(e)--The commissioner of education shall compute for each~~

1 ~~school-district-the-total-amount-by-which-the-district's-allocation~~
2 ~~of--state-funds-is-reduced-under-Subsection-(d)-of-this-section-and~~
3 ~~shall-certify-that-amount-to-the-district-]~~

4 Sec. 16.2541. ESTIMATES REQUIRED. (a) Not later than
5 October 1 of each even-numbered year:

6 (1) the Central Education Agency shall submit to the
7 foundation school fund budget committee and the legislature an
8 estimate of student enrollment by school district for the following
9 biennium; and

10 (2) the comptroller shall submit to the foundation
11 school fund budget committee and the legislature an estimate of the
12 total value of all taxable property in the state as determined
13 under Section 11.86 for the following biennium.

14 (b) The Central Education Agency and the comptroller shall
15 update the information provided to the legislature under Subsection
16 (a) not later than March 1 of each odd-numbered year.

17 Sec. 16.255. FALSIFICATION OF RECORDS; REPORT. (a) When,
18 in the opinion of the director of school audits of the Central
19 Education Agency, audits or reviews of accounting, enrollment, or
20 other records of a school district reveal deliberate falsification
21 of the records, or violation of the provisions of this chapter,
22 whereby the district's share of state funds allocated under the
23 authority of this chapter would be, or has been, illegally
24 increased, the director shall promptly and fully report the fact to
25 the State Board of Education and the state auditor.

26 (b) In the event of overallocation of state funds, as
27 determined by the State Board of Education or the state auditor by

1 reference to the director's report, the Central Education Agency
2 shall, by withholding from subsequent allocations of state funds,
3 recover from the district an amount, or amounts, equal to the
4 overallocation.

5 Sec. 16.2551. LIMIT ON ADMINISTRATIVE COSTS. (a) The
6 commissioner of education shall determine annually:

7 (1) an administrative cost ratio for school districts
8 with 1,600 or fewer students in average daily attendance; and

9 (2) an administrative cost ratio for school districts
10 with more than 1,600 students in average daily attendance.

11 (b) The commissioner of education may adjust the
12 administrative cost ratio of a district to allow for additional
13 administrative costs required by:

14 (1) the sparsity of the district; or

15 (2) students with special needs.

16 (c) Not later than September 1 of each year, the
17 commissioner of education shall notify each school district of its
18 administrative cost ratio for the following school year.

19 (d) Not later than February 1 of each year, based on a
20 school district's budget information reported as provided by
21 Section 16.007, the commissioner of education shall notify the
22 district if the district's budgeted administrative costs for the
23 next school year exceed its administrative cost ratio.

24 (e) The commissioner of education shall deduct from a school
25 district's tier one allotments an amount equal to the amount by
26 which the district's administrative costs exceed the amount
27 permitted by its administrative cost ratio. The commissioner shall

1 make a deduction under this subsection from the foundation school
2 fund payments to the district in the school year following the
3 school year in which the administrative cost ratio was exceeded.
4 If a school district does not receive a tier one allotment, the
5 district shall remit an amount equal to the excess to the
6 comptroller for deposit to the credit of the foundation school
7 fund.

8 (f) The commissioner of education may grant a waiver to a
9 school district that exceeds its administrative cost ratio if the
10 excess is justified by unusual circumstances.

11 (g) A school district shall include a statement of any
12 amount withheld or remitted under Subsection (e) in:

13 (1) the notification to property owners and parents
14 required by Section 21.258(a); and

15 (2) the district report card required by Section
16 21.259.

17 (h) In this section:

18 (1) "Administrative cost ratio" means a school
19 district's administrative costs divided by its instructional costs,
20 expressed as a percentage.

21 (2) "Administrative costs" includes all operating
22 expenses made from funds other than federal funds for general
23 administration, instructional administration, school administration
24 other than the cost of campus principals, curriculum and staff
25 development, communication and dissemination of information, data
26 processing services, and as determined by rule by the commissioner
27 of education, administrative costs associated with educational

1 cooperatives.

2 (3) "Instructional costs" includes all operating
3 expenses made from funds other than federal funds for the purpose
4 of instructing students, for instructional resources and media, and
5 for guidance and counseling.

6 Sec. 16.256. FOUNDATION SCHOOL FUND BUDGET COMMITTEE. (a)
7 The foundation school fund budget committee is composed of the
8 governor, the lieutenant governor, and the comptroller [~~of--public~~
9 ~~accounts~~].

10 (b) On or before November 1 before each regular session of
11 the legislature, the budget committee shall determine and certify
12 to the comptroller [~~of--public-accounts~~] an amount of money to be
13 placed in the foundation school fund for the succeeding biennium
14 for the purpose of financing the Foundation School Program as
15 described in this code.

16 (c) The budget committee may, during the biennium, change
17 the estimate of money necessary to finance the Foundation School
18 Program.

19 (d) The foundation school fund budget committee shall adopt
20 rules for the calculation for each year of a biennium of the
21 qualified funding elements necessary to achieve the state funding
22 policy under Section 16.001 of this code not later than the
23 1994-1995 school year and for each year thereafter. In the
24 calculation of these funding elements, the committee shall consider
25 the report of the Legislative Education Board prescribed under
26 Section 16.008 of this code.

27 (e) The funding elements shall include:

1 (1) a basic allotment for the purposes of Section
2 16.101 of this code that represents the cost per student of a
3 regular education program that meets the basic criteria for an
4 accredited program including all mandates of law and regulation;

5 (2) adjustments designed to reflect the variation in
6 known resource costs and costs of education beyond the control of
7 school districts;

8 (3) appropriate program cost differentials and other
9 funding elements for the programs authorized under Subchapter D of
10 this chapter, with the program funding level expressed as dollar
11 amounts and as weights applied to the adjusted basic allotment for
12 the appropriate year;

13 (4) the maximum guaranteed level of qualified state
14 and local funds per student for the purposes of Subchapter H of
15 this chapter;

16 (5) the enrichment and facilities tax rate under
17 Subchapter H of this chapter;

18 (6) the formula elements for the funding formulas for
19 capital outlay and debt service under the provision of Subchapter I
20 of this chapter; and

21 (7) the calculation of weighted students in average
22 daily attendance under Section 16.302 of this code.

23 (f) Not [~~Beginning--in--1992,--not~~] later than November 1
24 preceding each regular session of the legislature, the foundation
25 school fund budget committee by rule shall adopt and report the
26 equalized funding elements calculated under this section to the
27 commissioner of education and the legislature. Before the

1 committee adopts the elements, the committee or the committee's
2 designees shall hold a public hearing on the recommendations of the
3 Legislative Education Board.

4 [~~(g)~~--Notwithstanding--other--provisions--of--this--section,--the
5 funding--elements--adopted--by--the--foundation--school--fund--budget
6 committee--for--the--1993-1994-school-year--and--the--1994-1995-school
7 year--shall--provide--for--appropriate--transition--from--the--program--in
8 effect--for--the--1992-1993-school-year--]

9 Sec. 16.258. EFFECT OF APPRAISAL APPEAL. (a) If the final
10 determination of an appeal under Chapter 42, Tax Code, results in a
11 reduction in the taxable value of property that exceeds five
12 percent of the total taxable value of property in the school
13 district for the same tax year determined under Section 11.86 of
14 this code, the commissioner of education shall request the
15 comptroller to adjust its taxable property value findings for that
16 year consistent with the final determination of the appraisal
17 appeal.

18 (b) If the district would have received a greater amount
19 from the foundation school fund for the applicable school year
20 using the adjusted value, the commissioner shall add the difference
21 to subsequent distributions to the district from the foundation
22 school fund. An adjustment does not affect the local fund
23 assignment of any other district.

24 Sec. 16.260. FOUNDATION SCHOOL FUND TRANSFERS. (a) In this
25 section:

26 (1) "Category 1 school district" means a school
27 district having a wealth of less than one-half of the statewide

1 average wealth.

2 (2) "Category 2 school district" means a school
3 district having a wealth of at least one-half of the statewide
4 average wealth per pupil but not more than the statewide average
5 wealth.

6 (3) "Category 3 school district" means a school
7 district having a wealth of more than the statewide average wealth.

8 (4) "Wealth" means the taxable property values
9 reported by the comptroller to the commissioner of education under
10 Section 16.252 of this code divided by the number of students in
11 average daily attendance.

12 (b) Payments from the foundation school fund to each
13 category 1 school district shall be made as follows:

14 (1) 21 percent of the yearly entitlement of the
15 district shall be paid in two equal installments to be made on or
16 before the 25th day of September and October of a fiscal year;

17 (2) 57 percent of the yearly entitlement of the
18 district shall be paid in six equal installments to be made on or
19 before the 25th day of November, December, January, February,
20 March, and July; and

21 (3) 22 percent of the yearly entitlement of the
22 district shall be paid in two equal installments to be made on or
23 before the 25th day of April and May.

24 (c) Payments from the foundation school fund to each
25 category 2 school district shall be made as follows:

26 (1) 21 percent of the yearly entitlement of the
27 district shall be paid in two equal installments to be made on or

1 before the 25th day of September and October of a fiscal year;

2 (2) 38 percent of the yearly entitlement of the
3 district shall be paid in four equal installments to be made on or
4 before the 25th day of November, December, March, and July;

5 (3) seven percent of the yearly entitlement of the
6 [school] district shall be paid in two equal installments to be
7 made on or before the 25th day of January and February;

8 (4) 22 percent of the yearly entitlement of the
9 [school] district shall be paid in two equal installments to be
10 made on or before the 25th day of April and May; and

11 (5) 12 percent of the yearly entitlement of the
12 [school] district shall be paid in two equal installments to be
13 made on or before the 25th day of June and August.

14 (d) Payments from the foundation school fund to each
15 category 3 school district shall be made as follows:

16 (1) 21 percent of the yearly entitlement of the
17 district [school] shall be paid in two equal installments to be
18 made on or before the 25th day of September and October of a fiscal
19 year;

20 (2) 57 percent of the yearly entitlement of the
21 district [school] shall be paid in six equal installments to be
22 made on or before the 25th day of November, December, March, June,
23 July, and August; and

24 (3) 22 percent of the yearly entitlement of the
25 [school] district shall be paid in two equal installments to be
26 made on or before the 25th day of April and May.

27 (e) The amount of any installment required by this section

1 may be modified to provide a school district with the proper amount
2 to which the district may be entitled by law and to correct errors
3 in the allocation or distribution of funds. If an installment
4 under this section is required to be equal to other installments,
5 the amount of other installments may be adjusted to provide for
6 that equality. A payment under this section is not invalid because
7 it is not equal to other installments.

8 SUBCHAPTER H. GUARANTEED YIELD PROGRAM (TIER TWO)

9 Sec. 16.301. PURPOSE. The purpose of the guaranteed yield
10 component of the Foundation School Program is to provide each
11 school district with the opportunity to supplement the basic
12 program at a level of its own choice and with access to additional
13 funds for facilities. An allotment under this subchapter may be
14 used for any legal purpose, including capital outlay and debt
15 service.

16 Sec. 16.302. ALLOTMENT. ~~[a]~~ Each school district is
17 guaranteed a specified amount per weighted student in state and
18 local funds for each cent of tax effort over that required for the
19 district's local fund assignment ~~[of-the-county-education--district~~
20 ~~in--which--the--school-district-is-located]~~ up to the maximum level
21 specified in this subchapter. The amount of state support, subject
22 ~~[only]~~ to the maximum amount under Section 16.303 of this code, is
23 determined by the formula:

24
$$GYA = (GL \times WADA \times DTR \times 100) - LR$$

25 where:

26 "GYA" is the guaranteed yield amount of state funds to be
27 allocated to the district;

1 "GL" is the dollar amount guaranteed level of state and local
2 funds per weighted student per cent of tax effort, which is \$22
3 [~~\$21.50--for--the--1991-1992--school-year, \$22.50-for-the-1992-1993~~
4 ~~school-year, \$26-for-the-1993-1994-school-year, and--\$28--for--each~~
5 ~~school--year--thereafter,~~] or a greater amount for any year provided
6 by appropriation, or a greater amount adopted by the foundation
7 school fund budget committee under Section 16.256(d) of this code
8 [~~for-the-1993-1994-or-1994-1995-school-year-or--thereafter~~];

9 "WADA" [~~except-as-provided-by-Section-16-206-of-this--code,~~]
10 is the number of weighted students in average daily attendance,
11 which is calculated by dividing the sum of the school district's
12 allotments under Subchapters C and D of this chapter, less any
13 allotments to the district for transportation, career ladder
14 supplements, or technology and 50 percent of the adjustment under
15 Section 16.102 of this code, by the basic allotment for the
16 applicable year;

17 "DTR" is the district enrichment and facilities tax rate of
18 the school district, which is determined by subtracting the
19 district's local fund assignment from [~~dividing~~] the total amount
20 of taxes collected by the school district for the applicable school
21 year and dividing the difference by the quotient of the district's
22 taxable value of property as determined under Section 11.86 of this
23 code divided by 100; and

24 "LR" is the local revenue, which is determined by multiplying
25 "DTR" by the quotient of the district's taxable value of property
26 as determined under Section 11.86 of this code divided by 100.

27 [~~(b)--Beginning--with--the--1993-1994--school--year,--if--the~~]

1 program-cost-differentials-developed--jointly--by--the--Legislative
2 Education--Board--and--the--Legislative--Budget-Board-under-Section
3 16.203-of-this-code--and--the--adjustments--studied--under--Section
4 16.206--of--this-code-are-not-adopted-by-the-foundation-school-fund
5 budget-committee-or--the--commissioner--of--education,--the--amount
6 guaranteed--under-this-section-is-an-amount-per-student-rather-than
7 per--weighted--student--and--a--school--district's--average--daily
8 attendance--{"ADA"}--under-Section-16.006-of-this-code-is-substituted
9 for-"WADA"--in-the-formula-under-Subsection-(a)-of-this-section.]

10 Sec. 16.303. LIMITATION ON ENRICHMENT AND FACILITIES TAX
11 RATE. The district enrichment and facilities tax rate ("DTR")
12 under Section 16.302 of this code may not exceed \$0.42 per \$100 of
13 valuation, [\$0.45] or a greater amount [for-1993-1994-and-1994-1995
14 school-years-or-thereafter-as] adopted by the foundation school
15 fund budget committee under Section 16.256(d) of this code.

16 Sec. 16.304. COMPUTATION OF AID FOR DISTRICT ON MILITARY
17 RESERVATION OR AT STATE SCHOOL. State assistance under this
18 subchapter for a school district located on a federal military
19 installation or at Moody State School is computed using the average
20 tax rate and property value per student of school districts in the
21 county, as determined by the commissioner of education.

22 SUBCHAPTER I. CAPITAL OUTLAY AND DEBT SERVICE

23 Sec. 16.401. INVENTORY OF SCHOOL FACILITIES. (a) The State
24 Board of Education shall establish a statewide inventory of school
25 facilities and shall update the inventory on a periodic basis.

26 (b) The inventory shall include information on the
27 condition, use, type, and replacement cost of public school

1 facilities in this state.

2 Sec. 16.402. STANDARDS. The State Board of Education shall
3 establish standards for adequacy of school facilities. The
4 standards shall include requirements related to space, educational
5 adequacy, and construction quality. All facilities constructed
6 after September 1, 1992, must meet the standards in order to be
7 financed with state or local tax funds.

8 Sec. 16.403. ADVISORY COMMITTEE. The State Board of
9 Education shall appoint a committee composed of 15 persons
10 knowledgeable of various aspects of school facility planning,
11 construction, renovation, and financing. The advisory committee
12 shall provide the board and the commissioner with assistance on the
13 development of the inventory system, the creation of facility
14 standards, and the conduct of facility research related to current
15 and future roles of the state in the provision of financial and
16 technical assistance to school districts. The members of the
17 committee shall serve without compensation but may be reimbursed
18 for actual and necessary expenses.

19 [SUBCHAPTER-J:--COUNTY-EDUCATION-DISTRICT-DISTRIBUTIONS

20 [Sec.-16.501:--TIER--ONE:--(a)--The-commissioner-of-education
21 shall-notify-each-county-education-district-of-the-total-amount--of
22 funds-that-each-school-district-in-the-county-education-district-is
23 entitled--to--receive--under--tier--one--of--the--Foundation-School
24 Program-

25 [(b)--For-tier-one, the-board--of--trustees--of--each--county
26 education--district--shall--distribute-the-funds-collected-from-the
27 tax-levied-by-the-county-education-district-under-Section-20.945-of

1 this-code-to-the-school-districts-in-the-county-on-the-basis-of-the
2 component-districts'-share-of-the-taxable-value-of-property-of--the
3 county--education--district--with--the--provision-that-no-component
4 district-shall-receive-funds-in-excess-of-the-cost-of-tier-one-less
5 the-distribution-of-the-available-school-fund-

6 [(c) (1) --Notwithstanding Subsection (b) of this section,--for
7 the--1991-1992, 1992-1993, and 1993-1994 school-years,--for tier one
8 the-board-of-trustees--of--each--county--education--district--shall
9 distribute--the--funds--collected-from-the-tax-levied-by-the-county
10 education-district-under-Section-20.945-of-this-code-to-the--school
11 districts-in-the-county-education-district-as-follows:

12 [(A) --to--those--school--districts--that--did-not
13 receive-foundation-school-funds-for-the-1990-1991--school--year--in
14 which--the--amount-of-revenue-per-weighted-student-from-local-funds
15 and-the-available-school-fund-for-the-1990-1991-school-year-exceeds
16 the-total-amount-of-revenue--per--weighted--student--to--which--the
17 district--is--entitled-under-the-Foundation-School-Program-at-a-tax
18 rate-equal-to-the-maximum-tax-rate-authorized-under--Section--20.09
19 of--this--code,--the--county-education-district-shall-distribute-an
20 amount-equal-to-the-difference-between-the-amount--of--revenue--per
21 weighted--student-in-the-district-in-the-1990-1991-school-year-from
22 local-funds-and-the-available-school-fund-and-the-levy-that-results
23 from-the-application-of-the-maximum-rate-authorized--under--Section
24 20.09-of-this-code-to-the-district's-taxable-value-of-property,--and

25 [(B) --the--county--education--district--shall
26 apportion--the--remaining-funds-collected-from-the-tax-levy-to-each
27 school-district-in-the-county-education-district-on--the--basis--of

1 the--component-districts'-share-of-the-taxable-value-of-property-of
2 the-county-education-district-with-the-provision-that-no--component
3 district-shall-receive-funds-in-excess-of-the-cost-of-tier-one-less
4 the-distribution-of-the-available-school-fund-

5 [(2) --This subsection expires September 17, 1994-

6 [(d) --If--the--total-amount-available-for-distribution-by-the
7 county-education-district-exceeds-the-county--education--district's
8 local-share-under-Section-16.252-of-this-code,--the-county-education
9 district--shall--retain--the--excess--amount--for--distribution--in
10 succeeding-years-

11 [(e) --If--the--total-amount-available-for-distribution-by-the
12 county--education--district--is--less--than--the--county--education
13 district's-local-share-under--Section--16.252--of--this--code,--the
14 distributions-shall-be-made-under-rules-adopted-by-the-commissioner
15 of-education-

16 [Sec--16.502--COLLECTION--AND--DISTRIBUTION--SCHEDULES--The
17 commissioner-of--education--shall--establish--a--schedule--for--the
18 distribution---of---funds---to--each--school--district--under--this
19 subchapter-

20 [Sec--16.503--DEFINITION--In--this--subchapter,--"taxable
21 value-of-property"--is-the-value-determined-under-Section--11.86--of
22 this-code-]

23 SECTION 2.02. Sections 14.063(b) and (e), Education Code,
24 are amended to read as follows:

25 (b) Each school district is entitled to an annual allotment
26 for the purposes provided under Section 14.064 of this code equal
27 to its unadjusted average daily attendance multiplied by[+

1 [~~(1)~~] \$30 [~~for-the-1992-1993-school-year, or a greater~~
2 amount-provided-by-appropriation;
3 [~~(2)~~--\$35-for-the-1993-1994-school-year, or a greater
4 amount-provided-by-appropriation;
5 [~~(3)~~--\$40--for--the-1994-1995-school-year, or a greater
6 amount-provided-by-appropriation;
7 [~~(4)~~--\$45-for-the-1995-1996-school-year, or a greater
8 amount-provided-by-appropriation; and
9 [~~(5)~~--\$50--for--the--1996-1997-school-year and for each
10 school--year--thereafter], or a greater amount provided by
11 appropriation.

12 (e) If an insufficient amount is available in the fund for
13 the state's share of the allotments under Subsection (b) of this
14 section, the agency shall reduce each district's allotment in the
15 same manner described for a reduction in allotments [by application
16 of the formula adopted] under Section 16.254 [~~16.254(d)~~] of this
17 code.

18 SECTION 2.03. Sections 20.09(a) and (b), Education Code, are
19 amended to read as follows:

20 (a) A [~~Except as provided by Subsections (c) and (d) of this~~
21 ~~section, a~~] school district may not impose a total tax rate on the
22 \$100 valuation of taxable property that [~~results in a levy that~~
23 exceeds \$1.50 minus the local fund assignment tax rate required
24 under Section 16.252 of this code. [~~the levy that results from~~
25 ~~applying the following rate to the district's taxable value of~~
26 ~~property as determined under Section 11.86 of this code:~~

27 [~~(1)~~--\$0.78-for-the-1991-tax-year;

1 [~~(2)--\$0.60-for-the-1992-tax-year;~~

2 [~~(3)--\$0.50-for-the-1993-tax-year;-and~~

3 [~~(4)--\$0.50-for-each-subsequent-tax-year;~~]

4 (b) A district may impose taxes under this chapter on the
5 residence homestead of a person whose taxes for general elementary
6 and secondary public school purposes are limited under Article
7 VIII, Section 1-b(d), of the Texas Constitution, only to the extent
8 that the imposition, when added to the taxes imposed on the
9 homestead by the school [~~county-education~~] district for the local
10 fund assignment, does not increase the person's tax liability for
11 those purposes in violation of the constitutional limit.

12 SECTION 2.04. Section 26.08, Tax Code, is amended to read
13 as follows:

14 Sec. 26.08. ELECTION TO LIMIT SCHOOL TAXES. (a) If the
15 governing body of a school district adopts a rate that exceeds the
16 sum of the district's effective maintenance rate, the rate of \$0.06
17 [~~\$0.00~~], and the district's current debt rate, the qualified voters
18 of the district at [~~by-petition-may-require-that~~] an election [~~be~~]
19 held for that purpose must [~~to~~] determine whether or not to limit
20 the tax rate the governing body may adopt for the following year.
21 When increased expenditure of funds by a school district is
22 necessary to respond to a disaster, such as a tornado, hurricane,
23 flood, or other calamity (not including a drought) which has
24 impacted a school district and the governor has requested federal
25 disaster assistance for the area in which the school district is
26 located, an election [~~a--petition~~] is not required [~~valid~~] under
27 this section to repeal a tax increase adopted the next time the

1 district adopts a tax rate after the date the disaster occurs.

2 (b) The [A-petition-is-valid-only-if:

3 [(1)--it--states--that--it--is--intended--to--require--an
4 election-in-the-school-district-on-the-question-of-limiting-the-tax
5 rate-for-the-following-year;

6 [(2)--it-is-signed-by-a-number-of-qualified--voters--of
7 the--school--district-equal-to-at-least-10-percent-of-the-number-of
8 qualified-voters-of-the--district--according--to--the--most--recent
9 official--list--of--qualified-voters-not-counting-the-signatures-of
10 voters--gathered--by--a--person--who--received---compensation---for
11 circulating-the-petition;-and

12 [(3)--it--is--submitted--to--the--governing--body-on-or
13 before-the-90th-day-after-the-date--on--which--the--governing--body
14 adopted-the-tax-rate-for-the-current-year;

15 [(c)--Not-later-than-the-20th-day-after-the-day-a-petition-is
16 submitted;-the--governing--body-shall-determine-whether-or-not-the
17 petition-is-valid-and-pass-a-resolution-stating--its--finding---If
18 the--governing--body--fails--to--act--within--the-time-allowed;-the
19 petition-is-treated-as-if-it-had-been-found-valid;

20 [(d)--If-the] governing body [finds--that--the--petition--is
21 valid--(or--fails--to-act-within-the-time-allowed);-it] shall order
22 that the [an] election be held in the school district on a date not
23 less than 30 or more than 90 days after the [last] day on which it
24 adopted the tax rate [could-have-acted-to-approve-or-disapprove-the
25 petition]. A state law requiring local elections to be held on a
26 specified date does not apply to the election unless a specified
27 date falls within the time permitted by this section. At the

1 election, the ballots shall be prepared to permit voting for or
2 against the proposition: "Limiting the ad valorem tax rate in
3 (name of school district) for (the following year)."

4 (c) [~~te~~] If a majority of the qualified voters voting on
5 the question in the election favor the proposition, the governing
6 body may not adopt a tax rate in the following year that exceeds
7 the rollback tax rate calculated for that year using the following
8 formula:

9
$$\text{ROLLBACK TAX RATE} = ((\text{EFFECTIVE MAINTENANCE AND OPERATIONS}$$

10
$$\text{RATE FOR ELECTION YEAR}) + \underline{\$0.06} [\$0-\$0]) + \text{CURRENT DEBT RATE}$$

11 where "election year" denotes amounts used in calculating the
12 rollback tax rate in the year in which the tax increase that
13 required [~~initiated~~] the election [~~referendum~~] occurred rather than
14 the year in which the calculation occurs.

15 (d) [~~tf~~] For purposes of this section, local tax funds
16 dedicated to a junior college district under Section 20.48(e),
17 [~~Texas~~] Education Code, shall be eliminated from the calculation of
18 the tax rate adopted by the governing body of the school district.
19 However, the funds dedicated to the junior college district are
20 subject to Section 26.085 of this code.

21 (e) [~~tg~~] If a school district is certified by the
22 commissioner of education under Section 16.251(c), Education Code,
23 to have been subject to a reduction in total revenue for the school
24 year ending on August 31 of the tax year:

25 (1) the district's effective maintenance and
26 operations rate for the tax year is calculated as provided by
27 Section 26.012, except that last year's levy is reduced by the

1 amount of taxes imposed in the preceding year, if any, to offset
2 the amount of any reduction certified by the commissioner of
3 education under Section 16.251(c), Education Code, for the school
4 year ending on August 31 of the preceding year; and

5 (2) the district's rollback tax rate for the tax year
6 calculated as provided by Section 26.04 or by Subsection (c) ~~[(e)]~~
7 of this section, as applicable, is increased by the tax rate that,
8 if applied to the current total value for the school district,
9 would impose taxes in an amount equal to the amount of the
10 reduction certified by the commissioner of education under Section
11 16.251(c), Education Code, for the school year ending on August 31
12 of the tax year.

13 (f) ~~[(i)]~~ If a school district, ~~[is--certified--by--the~~
14 ~~commissioner-of-education]~~ under Section 16.254(h) ~~[16.254(e)]~~,
15 Education Code, is ~~[to-have-been]~~ subject to a reduction in state
16 funds for the school year ending on August 31 of the tax year:

17 (1) the district's effective maintenance and
18 operations rate for the tax year is calculated as provided by
19 Section 26.012, except that last year's levy is reduced by the
20 amount of taxes imposed in the preceding year, if any, to offset
21 the amount of any reduction in state funds ~~[certified--by--the~~
22 ~~commissioner-of-education]~~ under Section 16.254(h), Education Code,
23 for the school year ending on August 31 of the preceding year; and

24 (2) the district's rollback tax rate for the tax year
25 calculated as provided by Section 26.04 or by Subsection (c) ~~[(e)]~~
26 of this section, as applicable, is increased by the tax rate that,
27 if applied to the current total value for the school district,

1 would impose taxes in an amount equal to the amount of the
2 reduction in state funds [~~certified--by--the--commissioner---of~~
3 ~~education~~] under Section 16.254(h), Education Code, for the school
4 year ending on August 31 of the tax year.

5 (g) [~~+~~+] In a school district that received distributions
6 from an equalization tax imposed under Chapter 18, Education Code,
7 the effective rate of that tax as of the date of the county-unit
8 system's abolition is added to the district's effective maintenance
9 and operations rate under Subsections (a) and (c) [~~+~~+] of this
10 section in the calculation of the district's rollback tax rate.

11 (h) Notwithstanding Subsection (a), an election to limit
12 taxes under this section for the 1993 tax year is not required
13 unless the governing body of the school district adopts a tax rate
14 that exceeds the sum of:

15 (1) the district's effective maintenance rate;

16 (2) the rate of \$0.06;

17 (3) the district's current debt rate; and

18 (4) the rate that, applied to the district's current
19 total value, would impose taxes in an amount equal to the amount of
20 county education district taxes received by the school district for
21 the 1992-1993 school year.

22 (i) For the 1993 tax year, the rollback tax rate of a school
23 district calculated under Subsection (c) is increased by the rate
24 that, applied to the district's current total value, would impose
25 taxes in an amount equal to the amount of county education district
26 taxes received by the school district for the 1992-1993 school
27 year.

1 (j) This subsection and Subsections (h) and (i) expire
2 January 1, 1995.

3 ARTICLE 3

4 SECTION 3.01. Subchapter H, Chapter 21, Education Code, is
5 amended by adding Section 21.259 to read as follows:

6 Sec. 21.259. DISTRICT REPORT CARD. (a) Not later than
7 December 1 of each year, the Central Education Agency shall prepare
8 and distribute to each school district a district report card. A
9 district report card must:

10 (1) be based on the most current data available;

11 (2) for each performance indicator listed in
12 Subsection (b) of this section, compare the district to three other
13 school districts randomly chosen by the agency that:

14 (A) have a similar ratio of taxable property per
15 student; and

16 (B) have a similar number of students, with
17 substantially similar demographics; and

18 (3) be clearly and concisely written and without
19 extraneous information.

20 (b) The performance indicators must compare school districts
21 based on:

22 (1) student performance on a criterion-referenced
23 assessment instrument administered under Section 21.551;

24 (2) student performance on a norm-referenced
25 assessment instrument administered under Section 21.551;

26 (3) dropout rates in grades seven through 12;

27 (4) student/teacher ratios in kindergarten through

1 grade four;

2 (5) administrative, instructional, and total
3 expenditures per student; and

4 (6) a statement of the amount, if any, by which the
5 district exceeded its administrative cost ratio as provided by
6 Section 16.2551.

7 (c) The commissioner of education shall adopt rules for
8 implementing an objective comparison of the performance indicators
9 listed in Subsection (b), including the uniform computation of
10 dropout rates and administrative and instructional expenditures.

11 (d) Not later than the last day of the school year, a school
12 district shall deliver a copy of the district's report card to the
13 parent of or person standing in parental relation to each student
14 in the district with the student's grade notice under Section
15 21.722.

16 SECTION 3.02. Subchapter O, Chapter 21, Education Code, is
17 amended by adding Section 21.562 to read as follows:

18 Sec. 21.562. OPTIONAL EXTENDED YEAR PROGRAM. (a) A school
19 district may apply to the commissioner of education for approval to
20 provide an extended year program for a period not to exceed 45 days
21 for students in kindergarten through grade level eight who would
22 otherwise not be promoted.

23 (b) In order to provide the funding necessary for a program
24 approved under this section, with the approval of the commissioner,
25 a school district may provide a number of days of instruction for
26 students during the regular school term that is up to five days
27 less than the number otherwise required under Section 16.052(a).

(c) The commissioner may adopt rules for the administration of programs provided under this section.

Section 3.03. Section 21.032(c), Education Code, is amended to read as follows:

(c) Unless specifically exempted by Section 21.033 of this code, a student enrolled in a public school district must attend an extended year program for which the student is eligible that is provided by the district for students identified as likely not to be promoted to the next grade level or tutorial classes required by the district under Section 21.103(b) of this code. A district shall provide transportation services to each student required under this section to attend an extended year program who would be eligible for transportation services during a regular school term. A school district is not required to provide transportation services to accommodate ~~[such]~~ students required under this section to attend tutorial classes.

ARTICLE 4

SECTION 4.01. Section 11.86(a), Education Code, is amended to read as follows:

(a) The comptroller shall conduct an annual study using comparable sales and generally accepted auditing and sampling techniques to determine the total value of all taxable property in each ~~[county-education]~~ school district ~~[and-each-of-its--component school--districts]~~. The study shall determine the taxable value of all property and of each category of property within the district and the productivity value of all land that qualifies for appraisal on the basis of its productive capacity and for which the owner has

1 applied for and received a productivity appraisal. In conducting
2 the study, the comptroller shall review the appraisal standards,
3 procedures, and methodology used by each appraisal district to
4 determine the taxable value of property in each school district.
5 The review must test the validity of the taxable values assigned to
6 each category of property by the appraisal district:

7 (1) using, if appropriate, samples selected through
8 generally accepted sampling techniques; and

9 (2) according to generally accepted standard
10 valuation, statistical compilation, and analysis techniques. If
11 the comptroller finds in the annual study that generally accepted
12 appraisal standards and practices were used by the appraisal
13 district in valuing a particular category of property, and that the
14 taxable values assigned to each category of property by the
15 appraisal district are valid, the appraisal roll value of that
16 category of property is presumed to represent taxable value. In
17 the absence of such a presumption, the comptroller shall estimate
18 the taxable value of that category of property using generally
19 accepted standard valuation, statistical compilation, and analysis
20 techniques. For the purposes of this section, "taxable value"
21 means market value less:

22 (1) the total dollar amount of any exemptions of part
23 but not all of the value of taxable property required by the
24 constitution or a statute that a district lawfully granted in the
25 year that is the subject of the study;

26 (2) the total dollar amount of any exemptions granted
27 within a reinvestment zone under agreements authorized by the

1 Property Redevelopment and Tax Abatement Act (Chapter 312, Tax
2 Code);

3 (3) the total dollar amount of any captured appraised
4 value of property that is located in a reinvestment zone and that
5 is eligible for tax increment financing under the Tax Increment
6 Financing Act (Chapter 311, Tax Code);

7 (4) the total dollar amount of any exemptions granted
8 under Section 11.251, Tax Code;

9 (5) the difference between the market value and the
10 productivity value of land that qualifies for appraisal on the
11 basis of its productive capacity, except that the productivity
12 value may not exceed the fair market value of the land;

13 (6) the portion of the appraised value of residence
14 homesteads of the elderly on which school district taxes are not
15 imposed in the year that is the subject of the study, calculated as
16 if the residence homesteads were appraised at the full value
17 required by law;

18 (7) a portion of the market value of property not
19 otherwise fully taxable by the district at market value because of
20 action required by statute or the Texas Constitution that, if the
21 tax rate adopted by the district is applied to it, produces an
22 amount equal to the difference between the tax that the district
23 would have imposed on the property if the property were fully
24 taxable at market value and the tax that the district is actually
25 authorized to impose on the property; and

26 (8) the market value of all tangible personal
27 property, other than manufactured homes, owned by a family or

1 individual and not held or used for the production of income.

2 SECTION 4.02. Section 21.558, Education Code, is amended to
3 read as follows:

4 Sec. 21.558. COST. The cost of preparing, administering, or
5 grading the assessment instruments shall be paid from the
6 compensatory aid provided by Section 16.152 of this code, and each
7 district shall bear the cost in the same manner described for a
8 reduction in allotments under Section 16.254 [~~on-the-basis--of--the~~
9 ~~number--of--students--in--the--district-to-whom-the-instruments-are~~
10 ~~administered~~]. If a district does not receive an allocation of
11 compensatory aid, the commissioner of education shall subtract the
12 cost from the district's other foundation school fund allocations.

13 SECTION 4.03. Section 317.005(f), Government Code, is
14 amended to read as follows:

15 (f) The governor or board may adopt an order under this
16 section withholding or transferring any portion of the total amount
17 appropriated to finance the foundation school program for a fiscal
18 year. The governor or board may not adopt such an order if it
19 would result in an allocation of money between particular programs
20 or statutory allotments under the foundation school program
21 contrary to the statutory proration formula provided by Section
22 16.254(h) [~~16.254(d)~~], Education Code. The governor or board may
23 transfer an amount to the total amount appropriated to finance the
24 foundation school program for a fiscal year and may increase the
25 basic allotment. The governor or board may adjust allocations of
26 amounts between particular programs or statutory allotments under
27 the foundation school program only for the purpose of conforming

1 the allocations to actual pupil enrollments or attendance.

2 SECTION 4.04. Section 1.04(12), Tax Code, is amended to read
3 as follows:

4 (12) "Taxing unit" means a county, an incorporated
5 city or town (including a home-rule city), a school district, [a
6 ~~county--education--district,~~] a special district or authority
7 (including a junior college district, a hospital district, a
8 district created by or pursuant to the Water Code, a mosquito
9 control district, a fire prevention district, or a noxious weed
10 control district), or any other political unit of this state,
11 whether created by or pursuant to the constitution or a local,
12 special, or general law, that is authorized to impose and is
13 imposing ad valorem taxes on property even if the governing body of
14 another political unit determines the tax rate for the unit or
15 otherwise governs its affairs.

16 SECTION 4.05. Section 6.02, Tax Code, is amended by amending
17 Subsections (b) and (f) and adding Subsection (g) to read as
18 follows:

19 (b) A taxing unit [~~other-than-a-county-education-district~~]
20 that has boundaries extending into two or more counties may choose
21 to participate in only one of the appraisal districts. In that
22 event, the boundaries of the district chosen extend outside the
23 county to the extent of the unit's boundaries. To be effective,
24 the choice must be approved by resolution of the board of directors
25 of the district chosen. The choice of a school district to
26 participate in a single appraisal district does not apply to
27 property annexed to the school district under Subchapter C, Chapter

1 36, Education Code, unless:

2 (1) the school district taxes property other than
3 property annexed to the district under Subchapter C, Chapter 36,
4 Education Code, in the same county as the annexed property; or

5 (2) the annexed property is contiguous to property in
6 the school district other than property annexed to the district
7 under Subchapter C, Chapter 36, Education Code.

8 (f) All costs of operating an appraisal district in
9 territory outside the county for which the appraisal district is
10 established are allocated to the taxing unit for which the
11 appraisal district appraises property in [that-chooses-to-add] that
12 territory [to-the-district]. If the appraisal district appraises
13 property in the same territory for two or more taxing units [add
14 the-same-territory-to-an-appraisal-district], costs of operating
15 the district in that territory are allocated to the units in the
16 proportion the total dollar amount of taxes each unit imposes in
17 that territory bears to the total dollar amount of taxes all taxing
18 units participating in the appraisal district impose in that
19 territory.

20 (g) If property is annexed to a school district under
21 Subchapter C, Chapter 36, Education Code, the appraisal district
22 established for the county in which the property is located shall
23 appraise the property for the school district, and the school
24 district participates in that appraisal district for purposes of
25 the appraisal of that property, except as otherwise permitted by
26 Subsection (b). [A-county-education-district-that--has--boundaries
27 extending--into--two--or--more--counties--must--participate-in-each

1 appraisal-district-in-which-one-of-its-component--school--districts
2 participates--for--purposes--of--appraisal--of-the-component-school
3 district's-territory.]

4 SECTION 4.06. Sections 6.03(c)-(e), Tax Code, are amended to
5 read as follows:

6 (c) Members of the board of directors are appointed by vote
7 of the governing bodies of the incorporated cities and towns, the
8 school districts [~~other-than-the-county-education--district~~], and,
9 if entitled to vote, the conservation and reclamation districts
10 that participate in the district and of the county. A governing
11 body may cast all its votes for one candidate or distribute them
12 among candidates for any number of directorships. Conservation and
13 reclamation districts are not entitled to vote unless at least one
14 conservation and reclamation district in the district delivers to
15 the chief appraiser a written request to nominate and vote on the
16 board of directors by June 1 of each odd-numbered year. On receipt
17 of a request, the chief appraiser shall certify a list by June 15
18 of all eligible conservation and reclamation districts that are
19 imposing taxes and that participate in the district.

20 (d) The voting entitlement of a taxing unit that is entitled
21 to vote for directors is determined by dividing the total dollar
22 amount of property taxes imposed in the district by the taxing unit
23 for the preceding tax year by the sum of the total dollar amount of
24 property taxes imposed in the district for that year by each taxing
25 unit that is entitled to vote, by multiplying the quotient by
26 1,000, and by rounding the product to the nearest whole number.
27 That number is multiplied by the number of directorships to be

1 filled. [~~For--a--school--district,--the--total--dollar-amount-of~~
2 ~~property-taxes-imposed-in-the-district-by-the-unit-is-considered-to~~
3 ~~be-the-sum-of-the-taxes-imposed-by-the--district--and--the--revenue~~
4 ~~received--by--the--district-from-the-county-education-district.~~] A
5 taxing unit participating in two or more districts is entitled to
6 vote in each district in which it participates, but only the taxes
7 imposed in a district are used to calculate voting entitlement in
8 that district.

9 (e) The chief appraiser shall calculate the number of votes
10 to which each taxing unit other than a conservation and reclamation
11 district is entitled and shall deliver written notice to each of
12 those units of its voting entitlement before October 1 of each
13 odd-numbered year. The chief appraiser shall deliver the notice:

14 (1) to the county judge and each commissioner of the
15 county served by the appraisal district;

16 (2) to the presiding officer of the governing body of
17 each city or town participating in the appraisal district, to the
18 city manager of each city or town having a city manager, and to the
19 city secretary or clerk, if there is one, of each city or town that
20 does not have a city manager; and

21 (3) to the presiding officer of the governing body of
22 each school district[~~7--other-than-the-county--education--district,7~~]
23 participating in the district and to the superintendent of those
24 school districts.

25 SECTION 4.07. Sections 6.06(d) and (h), Tax Code, are
26 amended to read as follows:

27 (d) Each taxing unit participating in the district[~~7--other~~

1 ~~than-a-county-education-district,~~] is allocated a portion of the
2 amount of the budget equal to the proportion that the total dollar
3 amount of property taxes imposed in the district by the unit for
4 the tax year in which the budget proposal is prepared bears to the
5 sum of the total dollar amount of property taxes imposed in the
6 district by each participating unit for that year. [~~For-a-school~~
7 ~~district,~~~~other-than-a-county-education-district,~~~~the-total-dollar~~
8 ~~amount--of--property--taxes--imposed-in-the-district-by-the-unit-is~~
9 ~~considered-to-be-the-sum-of-the-taxes-imposed-by-the--district--and~~
10 ~~the--revenue--received--by--the--district-from-the-county-education~~
11 ~~district.~~] If a taxing unit participates in two or more districts,
12 only the taxes imposed in a district are used to calculate the
13 unit's cost allocations in that district. If the number of real
14 property parcels in a taxing unit is less than 5 percent of the
15 total number of real property parcels in the district and the
16 taxing unit imposes in excess of 25 percent of the total amount of
17 the property taxes imposed in the district by all of the
18 participating taxing units for a year, the unit's allocation may
19 not exceed a percentage of the appraisal district's budget equal to
20 three times the unit's percentage of the total number of real
21 property parcels appraised by the district.

22 (h) If a newly formed taxing unit or a taxing unit that did
23 not impose taxes in the preceding year[~~7--other-than-a-county~~
24 ~~education-district,~~] imposes taxes in any tax year, that unit is
25 allocated a portion of the amount budgeted to operate the district
26 as if it had imposed taxes in the preceding year, except that the
27 amount of taxes the unit imposes in the current year is used to

1 calculate its allocation. Before the amount of taxes to be imposed
2 for the current year is known, the allocation may be based on an
3 estimate to which the district board of directors and the governing
4 body of the unit agree, and the payments made after that amount is
5 known shall be adjusted to reflect the amount imposed. The
6 payments of a newly formed taxing unit that has no source of funds
7 are postponed until the unit has received adequate tax or other
8 revenues.

9 SECTION 4.08. Sections 11.13(d), (e), (m), and (n), Tax
10 Code, are amended to read as follows:

11 (d) In addition to the exemptions provided by Subsections
12 (b) and (c) of this section, an individual who is disabled or is 65
13 or older is entitled to an exemption from taxation by a taxing unit
14 of a portion (the amount of which is fixed as provided by
15 Subsection (e) of this section) of the appraised value of his
16 residence homestead if the exemption is adopted either:

17 (1) by the governing body of the taxing unit [~~other~~
18 ~~than-a-county-education-district~~]; or

19 (2) by a favorable vote of a majority of the qualified
20 voters of the taxing unit at an election called by the governing
21 body of a taxing unit [~~other-than-a-county-education-district~~], and
22 the governing body shall call the election on the petition of at
23 least 20 percent of the number of qualified voters who voted in the
24 preceding election of the taxing unit[~~7-or~~

25 [~~(3)--by--a--favorable--vote--of--a--majority--of---the~~
26 ~~qualified-voters-of-a-county-education-district-at-an-election-held~~
27 ~~under-Section-20-9507-Education-Code~~].

1 (e) The amount of an exemption adopted as provided by
2 Subsection (d) of this section is \$3,000 of the appraised value of
3 the residence homestead unless a larger amount is specified by:

4 (1) the governing body authorizing the exemption if
5 the exemption is authorized as provided by Subdivision (1) of
6 Subsection (d) of this section; or

7 (2) the petition for the election if the exemption is
8 authorized as provided by Subdivision (2) of Subsection (d) of this
9 section[~~7--or~~

10 [~~(3)--the-proposition--approved--at--an--election--held~~
11 ~~under-Section-20-9507-Education-Code~~].

12 (m) In this section:

13 (1) "Disabled" means under a disability for purposes
14 of payment of disability insurance benefits under Federal Old-Age,
15 Survivors, and Disability Insurance.

16 (2) "School district" means a political subdivision
17 organized to provide general elementary and secondary public
18 education. [~~"School-district"--includes-a-county-education-district~~
19 ~~established-by-the-consolidation-of-the-local-school--districts--in~~
20 ~~its--boundaries--for-the-limited-purpose-of-exercising-a-portion-of~~
21 ~~the-taxing-power-previously--authorized--by--the--voters--in--those~~
22 ~~school--districts.~~] "School district" does not include a junior
23 college district or a political subdivision organized to provide
24 special education services.

25 (n) In addition to any other exemptions provided by this
26 section, an individual is entitled to an exemption from taxation by
27 a taxing unit [~~other--than--a--county--education--district~~] of a

percentage of the appraised value of his residence homestead if the exemption is adopted by the governing body of the taxing unit before May 1 in the manner provided by law for official action by the body. If the percentage set by the taxing unit produces an exemption in a tax year of less than \$5,000 when applied to a particular residence homestead, the individual is entitled to an exemption of \$5,000 of the appraised value. The percentage adopted by the taxing unit may not exceed 20 percent. [~~In-addition-to--any other--exemptions--provided--by--this--section,--an--individual--is entitled--to--an--exemption--from--taxation--by--a-county-education district-of-a-percentage-of-the-appraised-value--of--his--residence homestead-if-the-exemption-is-adopted-by-the-voters-of-the-district at--an-election-held-in-the-district-for-that-purpose-under-Section 20.946,--Education-Code.~~] If the percentage set by the voters produces an exemption in a tax year of less than \$5,000 when applied to a particular residence homestead, the individual is entitled to an exemption of \$5,000 of the appraised value. The percentage adopted by the voters may not exceed 20 percent.

SECTION 4.09. Sections 11.14(c) and (e), Tax Code, are amended to read as follows:

(c) The governing body of a taxing unit, [~~other-than-a county-education-district,~~] by resolution or order, depending upon the method prescribed by law for official action by that governing body, may provide for taxation of tangible personal property exempted under Subsection (a). [~~The-voters-of-a-county-education district,--by-an-election-held-under-Section-20.951,--Education-Code, may-provide-for-taxation-of--tangible--personal--property--exempted~~]

1 ~~under--Subsection--(a)-~~] If a taxing unit provides for taxation of
2 tangible personal property as provided by this subsection, the
3 exemption prescribed by Subsection (a) does not apply to that unit.

4 (e) A political subdivision [~~other-than-a-county-education~~
5 ~~district~~] choosing to tax property otherwise made exempt by this
6 section, pursuant to Article VIII, Section 1(e), of the Texas
7 Constitution, may not do so until the governing body of the
8 political subdivision has held a public hearing on the matter,
9 after having given notice of the hearing at the times and in the
10 manner required by this subsection, and has found that the action
11 will be in the public interest of all the residents of that
12 political subdivision. At the hearing, all interested persons are
13 entitled to speak and present evidence for or against taxing the
14 property. Not later than the 30th day prior to the date of a
15 hearing held under this subsection, notice of the hearing must be:

16 (1) published in a newspaper having general
17 circulation in the political subdivision and in a section of the
18 newspaper other than the advertisement section;

19 (2) not less than one-half of one page in size; and

20 (3) republished on not less than three separate days
21 during the period beginning with the 10th day prior to the hearing
22 and ending with the actual date of the hearing.

23 SECTION 4.10. Section 21.01, Tax Code, is amended to read as
24 follows:

25 Sec. 21.01. REAL PROPERTY. Real property is taxable by a
26 taxing unit if located in the unit on January 1, except as provided
27 by Subchapter C, Chapter 36, Education Code.

1 SECTION 4.11. Section 25.25, Tax Code, is amended by adding
2 Subsection (h) to read as follows:

3 (h) The chief appraiser shall change the appraisal records
4 and school district appraisal rolls promptly to reflect the
5 detachment and annexation of property among school districts under
6 Subchapter C, Chapter 36, Education Code.

7 SECTION 4.12. The following provisions are repealed:

8 (1) Section 1.05 and Subchapter G, Chapter 20,
9 Education Code;

10 (2) Sections 6.061(f), 26.12(e), and 312.002(e) and
11 (f), Tax Code.

12 SECTION 4.13. Effective September 1, 1993, each county
13 education district created under Section 2, Chapter 20, Acts of the
14 72nd Legislature, Regular Session, 1991, is abolished.

15 SECTION 4.14. (a) On August 31, 1993, each county education
16 district shall transfer its funds to its component school districts
17 in the manner provided by rule of the commissioner of education.

18 (b) On September 1, 1993, any assets of a county education
19 district other than funds are transferred to its component school
20 districts in the manner and amounts provided by rule of the
21 commissioner of education.

22 (c) On September 1, 1993, the contracts and other
23 liabilities of a county education district are transferred to its
24 component school districts in the manner and amounts, including
25 joint obligations, provided by rule of the commissioner of
26 education.

27 (d) The records of the board of a county education district

1 shall be maintained as provided by rule of the commissioner of
2 education.

3 (e) The component school districts of a county education
4 district abolished by this Act may collect and use or distribute
5 taxes imposed by the county education district that are delinquent
6 in the manner provided by rule of the commissioner of education.

7 SECTION 4.15. To the extent that the reenactment of Chapter
8 16, Education Code, by this Act conflicts with another enactment of
9 the 73rd Legislature, Regular Session, 1993, amending a provision
10 of that chapter, the other enactment prevails without regard to the
11 relative dates of enactment.

12 ARTICLE 5

13 SECTION 5.01. (a) Article 1 of this Act and this article
14 take effect immediately.

15 (b) Article 4 of this Act takes effect September 1, 1993.

16 (c) Except as provided by Section 5.02 of this Act, Articles
17 2 and 3 of this Act apply beginning with the 1993-1994 school year.

18 (d) This Act applies to taxes imposed on or after January 1,
19 1993.

20 SECTION 5.02. (a) Section 16.2551, Education Code, as added
21 by this Act, applies to school district administrative costs
22 beginning with the 1994-1995 school year. Not later than September
23 1, 1993, the commissioner of education shall notify each school
24 district of its administrative cost ratio for the 1994-1995 school
25 year, as provided by Section 16.2551, Education Code, as added by
26 this Act. Not later than February 1, 1994, based on a school
27 district's budget information for the 1994-1995 school year

1 reported to the commissioner of education, the commissioner shall
2 notify each district whose budgeted administrative costs for the
3 1994-1995 school year exceed its administrative cost ratio. A
4 school district that exceeds its administrative cost ratio for the
5 1994-1995 school year is subject to a reduction in foundation
6 school fund payments as provided by Section 16.2551, Education
7 Code, as added by this Act, in the 1995-1996 school year.

8 (b) The commissioner of education shall adopt rules under
9 Section 21.259(c), Education Code, as added by this Act, not later
10 than January 1, 1994. The first district report card under Section
11 21.259, Education Code, as added by this Act, is due on or before
12 December 1, 1994.

13 SECTION 5.03. The importance of this legislation and the
14 crowded condition of the calendars in both houses create an
15 emergency and an imperative public necessity that the
16 constitutional rule requiring bills to be read on three several
17 days in each house be suspended, and this rule is hereby suspended,
18 and that this Act take effect and be in force according to its
19 terms, and it is so enacted.

ADOPTED

MAY 20 1993

[Handwritten signature]
HOUSE OF REPRESENTATIVES

AMENDMENT NO. ①

BY L. Heburger

1 Amend C.S.S.B. 7 as follows:

2 (1) In Section 1.01 of the bill, in added Section 36.031,
3 Education Code, between "district" and "will" (house committee
4 report page 4, lines 21-22), insert ", as a result of actions taken
5 under this chapter,".

6 (2) In Section 1.01 of the bill, in added Section 36.061,
7 Education Code, strike "the action" (house committee report page 6,
8 line 3) and substitute "all actions taken under this chapter".

9 (3) In Section 1.01 of the bill, in added Section 36.091,
10 Education Code, between "sufficient" and "to" (house committee
11 report page 7, line 5), insert ", in combination with any other
12 actions taken under this chapter,".

13 (4) In Section 1.01 of the bill, in added Section 36.121,
14 Education Code, between "sufficient" and "to" (house committee
15 report page 8, line 22), insert ", in combination with any other
16 actions taken under this chapter,".

17 (5) In Section 1.01 of the bill, in added Section 36.151,
18 Education Code, between "level" and the period (house committee
19 report page 10, line 1), insert "after all actions taken under this
20 chapter".

Amendment No.

2

By

Limberger

Amend C.S.S.B. No. 7 as follows:

In Section 1.01 of the bill, strike Section 36.093, Education Code (page 7, lines 15-18, House Committee Report) and substitute the following:

Sec. 36.093. COST. The cost of each credit is an amount equal to the amount of the district's total tax revenue per weighted student in average daily attendance for the school year for which the contract is executed.

ADOPTED

MAY 20 1993

Betty Murray
Chief Clerk
House of Representatives

AMENDMENT NO.

3

BY Lineburgers

1 Amend C.S.S.B. No. 7 in Article 2, Section 2.01 (page 54,
2 lines 5-8, House Committee Report), by striking amended Section
3 16.252(d), Education Code, and substituting the following:

4 (d) A school [~~county-education~~] district must [~~shall~~] raise
5 its total local share of the foundation school program to be
6 eligible to receive foundation school fund payments. [~~The--funds~~
7 ~~shall--be--reallocated--to--the--school--districts--in--the--county~~
8 ~~education-district-in-the-manner-prescribed-by-Subchapter-J-of-this~~
9 ~~chapter.~~]

ADOPTED

MAY 20 1993

Betty Murray
Chief Clerk
House of Representatives

ADOPTED

MAY 20 1993

Betty Murray
Chief Clerk
House of Representatives

AMENDMENT NO. (4)

BY Linebarger

1 Amend C.S.S.B. 7 as follows:

2 (1) In Section 2.01 of the bill, in amended Section 16.254,
3 Education Code, insert a new Subsection (e) to read as follows, and
4 reletter the existing subsections appropriately:

5 (e) The commissioner shall compute an adjusted entitlement
6 for a school district if the district's tax rate is less than the
7 limit authorized under this subsection. For a district with a
8 taxable value of property per weighted student in average daily
9 attendance that is equal to or greater than the average value for a
10 school district in this state, as determined under Section 11.86,
11 the amount to which the district is entitled under this section may
12 not exceed the amount to which the district would be entitled at
13 the district's tax rate for the final year of the preceding
14 biennium, or a different tax rate provided by appropriation. For
15 a district with a taxable value of property per weighted student in
16 average daily attendance of zero, the amount to which the district
17 is entitled under this section may not exceed the amount to which
18 the district is entitled at the district's tax rate for the current
19 year.

20 For other districts
21 with a taxable value of property per weighted student in average
22 daily attendance that is lower than the state average, the
23 commissioner of education shall provide for a proportionately lower
24 limit under this section based on each district's taxable value of

1 property so that the closer a district's taxable value of property
2 per weighted student in average daily attendance is to the state
3 average, the lower the limit. The commissioner annually shall
4 certify to each district with a taxable value of property per
5 weighted student in average daily attendance that is lower than the
6 state average the amount of district revenue within the limit
7 prescribed by this section.

8 (2) In Section 2.01 of the bill, in amended Section
9 16.254(h), strike "Subsection (g)" and substitute "Subsection (h)".

10 (3) In Section 2.01 of the bill, in amended Section
11 16.254(i), strike "Subsection (g)" and substitute "Subsection (h)".

ADOPTED

MAY 20 1993

AMENDMENT NO. 5

Betty Murray
Chief Clerk
House of Representatives

BY

Linbarger

Amend C.S.S.B. No. 7, on pages 78 and 79, by striking SECTION 3.01 and substituting the following:

SECTION 3.01. Subchapter H, Chapter 21, Education Code, is amended by adding Section 21.259 to read as follows:

Sec. 21.259. CAMPUS REPORT CARD. (a) Each school year, the Central Education Agency shall prepare and distribute to each school district a report card for each campus. The campus report cards must be based on the most current data available disaggregated by student groups. Campus performance must be compared to previous campus and district performance, current district performance, state established standards, and comparable campus group performance.

(b) The report card shall include, but not be limited to, the following information where applicable:

(1) student performance on state adopted assessment instruments;

(2) attendance;

(3) dropout rate;

(4) student performance on college admissions tests;

(5) student/teacher ratios; and

(6) administrative and instructional costs per student.

(c) The commissioner of education shall adopt rules for requiring dissemination of campus report cards annually to the parent of or person standing in parental relation to each student at the campus. On written request, the school

district shall provide a copy of a campus report card to any
other party.

ADOPTED

MAY 20 1993

Betty Messing
Chief Clerk
House of Representatives

AMENDMENT NO. ⑥

BY Linbarger / Ogden

1 Amend C.S.S.B. No. 7 as follows:

2 (1) In Section 2.03 of the bill, in amended Section
3 20.09(a), Education Code (House Committee Report page 72, lines
4 20-21), strike "A [Except-as-provided-by-Subsections-(c)-and-(d)-of
5 this-section, a]" and substitute "Except as provided by Subsections
6 (c) and (d) [of-this-section], ^{and unless specifically approved in an} a". election called for that purpose

7 (2) In Section 2.03 of the bill, in amended Section
8 20.09(a), Education Code (House Committee Report page 72, lines
9 23-24), strike "minus the local fund assignment tax rate required
10 under Section 16.252 of this code".

11 (3) In Section 2.03 of the bill, in amended Section
12 20.09(b), Education Code (House Committee Report page 73, lines
13 9-10), strike "for the local fund assignment".

AMENDMENT NO. 7

BY HOLZHEAUSER

1 Amend C.S.S.B. No. 7 in Section 1.01 of the bill, in added
2 Section 36.001, Education Code (house committee report page 1,
3 lines 10-14), by striking Subdivisions (1) and (2) and substituting
4 the following:

5 (1) "Equalized wealth level" means the wealth per
6 student provided by Section 36.002.

7 (2) "Wealth per student" means the taxable value of
8 property, as determined under Section 11.86, divided by the sum of:

9 (A) each student in weighted average daily
10 attendance; and

11 (B) each public school student residing in the
12 district who attends school in another school district.

ADOPTED

MAY 20 1993

Betty Murray
Chief Clerk
House of Representatives

1 Amend C.S.S.B. No. 7 as follows:

2 ~~(1) On page 1, line 11, strike "in average daily~~
3 ~~attendance"~~

4 (2) On page 3, line 15, between "chapter" and the period,
5 insert "including necessary adjustments to the provisions of
6 Chapter 16".

7 (3) On page 3, line 25, between "change" and "will",
8 insert "under Chapter 19".

9 (4) On page 5, line 26, strike "attached" and substitute
10 "annexed".

11 (5) On page 7, line 14, strike "for purposes of Section
12 15.01" and substitute ", average daily attendance, or weighted
13 average daily attendance for purposes of Chapter 15 or 16".

14 (6) On page 7, line 22, strike "February 1" and
15 substitute "February 15".

16 (7) On page 9, lines 8 and 9, strike "of
17 School District" and substitute "of other school districts".

18 (8) On page 10, line 2, strike "The agreement" and
19 substitute "Any agreement under this subchapter".

20 (9) On page 11, line 2, strike "meeting" and substitute
21 "acting".

22 (10) On page 11, line 4, strike "of a quorum".

23 (11) On page 11, strike lines 6-10.

24 (12) On page 11, line 22, between "distribute" and "tax",
25 insert "maintenance".

ADOPTED

MAY 20 1993

Betty Murray
Chief Clerk
House of Representatives

(13) On page 11, line 27, between "district" and "may",
insert "that has consolidated for maintenance and operation
purposes only".

(14) On page 12, line 4, between "section" and "is",
insert "or Section 36.160(b)(1)".

(15) On page 12, line 17, strike "and".

(16) On page 12, line 21, strike the period and
substitute "; and".

(17) On page 12, between lines 21 and 22, insert the
following:

(3) to the end of the ballot proposition required
under Section 36.153(a) shall be added ", and further to
create a consolidated tax base for the repayment of all bonded
indebtedness issued by the joint board of the taxing district
after the effective date of the consolidation.

(18) On page 12, strike lines 22-24 and substitute the
following:

"(c) Under an agreement providing for total tax base
consolidation:

(1) the component districts may provide for the
consolidated taxing district to assume all of the indebtedness
of all component districts; and

(2) to the end of the ballot proposition required by
Section 36.153(a) shall be added ", and further to create a
consolidated tax bases for the repayment of all bonded
indebtedness issued by the joint board of the taxing district
or previously issued by the component school districts.

1 (19) On page 13, strike lines 22-26 and substitute the
2 following:

3 Sec. 36.183. PROCEDURE. (a) A decision of the
4 commissioner under this chapter is appealable under Section
5 11.13(c) of this code.

6 (b) Any order of the commissioner issued under this
7 chapter shall be given immediate effect and may not be stayed
8 or enjoined pending any appeal.

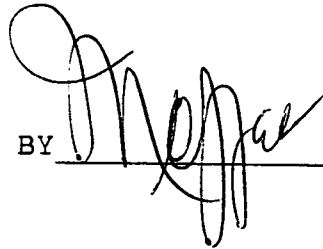
9 (c) The Administrative Procedure and Texas Register Act
10 (Article 6252-13a, Vernon's Texas Civil Statutes) does not
11 apply to a decision of the commissioner under this subchapter.

12 (d) On the request of the commissioner, the secretary of
13 state shall publish any rules adopted under this chapter in
14 the Texas Register and the Texas Administrative Code.

AMENDMENT NO.

⑨

BY



1 Amend C.S.S.B. No. 7 in Section 1.01 of the bill, in Section
2 36.001, Education Code (page 1, line 16, House Committee Report),
3 between "16.302" and the period, by inserting ", except that if a
4 school district's average daily attendance for the school year for
5 which the equalized wealth level is being determined is estimated
6 under Section 16.2541 to increase by 10 percent or more over the
7 preceding school year, the commissioner of education shall base the
8 calculation of weighted average daily attendance on the estimate".

ADOPTED

MAY 20 1993


Chief Clerk
House of Representatives

ADOPTED

MAY 20 1993

Betty Murray
Chief Clerk
House of Representatives

AMENDMENT NO. 10

BY Cain

1 Amend C.S.S.B. No. 7 in Section 1.01 of the bill by striking
2 added Section 36.002, Education Code, and substituting the
3 following:

4 Sec. 36.002. EQUALIZED WEALTH LEVEL. (a) Except as
5 provided by Subsections (b), (c), and (d), a school district may
6 not have a wealth per student that exceeds \$280,000.

7 (b) For the 1993-1994 school year, in accordance with a
8 determination of the commissioner of education, the wealth per
9 student that a school district may have after exercising an option
10 under Section 36.003 may not be less than the amount needed to
11 maintain the amount of state and local revenue per weighted student
12 for maintenance and operation of the district for the 1992-1993
13 school year if the district imposes an effective tax rate of \$1.25
14 on the \$100 valuation of taxable property.

15 (c) For the 1994-1995 school year, in accordance with a
16 determination of the commissioner of education, the wealth per
17 student that a school district may have after exercising an option
18 under Section 36.003 may not be less than the amount needed to
19 maintain the amount of state and local revenue per weighted student
20 for maintenance and operation of the district for the 1993-1994
21 school year if the district imposes an effective tax rate of \$1.375
22 on the \$100 valuation of taxable property.

23 (d) For the 1995-1996 school year and each school year
24 thereafter, in accordance with a determination of the commissioner

1 of education, the wealth per student that a school district may
2 have after exercising an option under Section 36.003 may not be
3 less than the amount needed to maintain the amount of state and
4 local revenue per weighted student for maintenance and operation of
5 the district for the 1994-1995 school year if the district imposes
6 an effective tax rate of \$1.50 on the \$100 valuation of taxable
7 property.

8 (e) For purposes of Subsections (b), (c), and (d), a school
9 district's effective tax rate is determined by dividing the total
10 amount of taxes collected by the district for the applicable school
11 year by the quotient of the district's taxable value of property,
12 as determined under Section 11.86, divided by 100.

Amend C.S.S.B. No. 7 as follows:

(1) In Section 1.01 of the bill, strike Sections 36.004(a) and (b), Education Code (page 2, lines 9-27, House committee Report) and substitute the following:

(a) Not later than July 15 of each year, the commissioner of education shall review the wealth per student of school districts in the state and shall notify:

(1) each district with wealth per student exceeding the equalized wealth level; and

(2) each district with which the commissioner proposes to consolidate a district notified under Subdivision (1), if necessary, under Subchapter G.

(b) If, before the dates provided by this subsection, a district notified under Subsection (a)(1) has not successfully exercised one or more options under Section 36.003 that reduce the district's wealth per student to a level equal to or less than the equalized wealth level, the commissioner shall order the consolidation of the district with one or more other districts as provided by Subchapter G. An agreement under Section 36.003(1) or (2) must be executed not later than September 1 immediately following the notice under Subsection (a). An election for an option under Section 36.003(3), (4), or (5) must be ordered before September 1 immediately following the notice under Subsection (a).

(c) A district notified under Subsection (a) may not adopt a tax rate for the tax year in which the district receives the notice until the commissioner of education certifies that the district notified under Subsection (a)(1) has achieved the equalized wealth level.

(2) In Section 1.01 of the bill, reletter Subsection (c) of Section 36.004 as Subsection (d), and add Subsection (e) (page 3, lines 1-9, House Committee Report) to read as follows:

(e) The Administrative Procedure and Texas Register Act (Article 6252-13a, Vernon's Texas Civil Statutes) does not apply to a determination of the commissioner under this section.

(3) In Section 1.01 of the bill, strike Section 36.034, Education Code (page 5, lines 14-17, House Committee Report), and renumber Section 36.035 as Section 36.034.

(4) In Section 1.01 of the bill, strike Section 36.065, Education Code (page 6, lines 20-23, House Committee Report), and renumber Section 36.066 as Section 36.065.

ADOPTED *as amended*

MAY 20 1993

Barry Murray
Chief Clerk
House of Representatives

AMENDMENT NO.

12

BY

Ogden

Amend the Hochberg amendment to C.S.S.B. No. 7 by adding the following to the end of the amendment:

(5) In Section 1.02 of the bill, strike Subsection (c) (page 14, lines 13-15, House Committee Report) and substitute the following:

~~"(c) This subsection applies only if this article takes effect later than July~~

~~14, 1993~~ If on November 8, 1993, a school district notified under Section 36.004(a)(1), Education Code, as added by this Act, has not exercised one or more options under Section 36.003, Education Code, as added by this Act, that reduce the district's wealth per student to a level equal to or less than the equalized wealth level, the commissioner of education shall order the consolidation of the district with one or more other districts as provided by Subchapter G, Chapter 36, Education Code, as added by this Act.

ADOPTED

MAY 20 1993

Betty Murray
Chief Clerk
House of Representatives

ADOPTED

MAY 20 1993

Betty Murray
Chief Clerk
House of Representatives

AMENDMENT NO. 13

BY *Harberg*

Amend C.S.S.B. No. 7 as follows:

(1) In Section 1.01 of the bill, in Section 36.007, Education Code (page 3, lines 23-24, House Committee Report), strike "is not subject to consolidation, detachment, or annexation under Chapter 19 unless" and substitute "is subject to consolidation, detachment, or annexation under Chapter 19 only if".

(2) In Section 1.01 of the bill, in Subchapter A, Chapter 36, Education Code (page 4, between lines 6 and 7), insert Section 36.0085 to read as follows:

Sec. 36.0085. TAX INCREMENT OBLIGATIONS. The payment of tax increments under Chapter 311, Tax Code, is not affected by the consolidation of territory or tax bases or by annexation under this chapter. In each tax year a school district paying a tax increment from taxes on property over which the district has assumed taxing power is entitled to retain the same percentage of the tax increment from that property that the district in which the property was located before the consolidation or annexation could have retained for the respective tax year.

(3) In Section 1.01 of the bill, strike Section 36.035, Education Code (page 5, lines 18-22, House Committee Report) and substitute the following:

Sec. 36.035. INCENTIVE AID. (a) For the first and second school years after creation of a consolidated district under this subchapter, the commissioner of education shall adjust allotments

1 to the consolidated district to the extent necessary to preserve
2 the effects of an adjustment under Sections 16.102, 16.103, or
3 16.104 to which either of the consolidating districts would have
4 been entitled but for the consolidation.

5 (b) A district receiving incentive aid payments under this
6 section is not entitled to incentive aid under Subchapter G,
7 Chapter 23, of this code.

8 (4) In Section 1.01 of the bill, in Section 36.064,
9 Education Code (page 6, line 15, House Committee Report), strike
10 "consolidation" and substitute "annexation".

11 (5) In Section 1.01 of the bill, in Section 36.122,
12 Education Code (page 9, line 3, House Committee Report), between
13 "trustees" and "shall" insert "of the district that will be
14 educating nonresident students".

15 (6) In Section 1.01 of the bill, in Section 36.159(a),
16 Education Code (page 12, line 1, House Committee Report), between
17 "taxes" and "sufficient" insert "within that component district".

18 (7) In Article 1 of the bill, add an appropriately numbered
19 section to read as follows:

20 SECTION 1. _____. (a) Section 18.03(a), Education Code, is
21 amended to read as follows:

22 (a) A county-unit system may not be adopted under this
23 chapter after May 1, 1993. A system purportedly created after that
24 date is dissolved September 1, 1993. This subsection does not
25 affect the existence or operation of a county-unit system adopted
26 before that date. [~~Any county in this state may, at an election~~
27 ~~called for that purpose under the provisions of this chapter and to~~

1 ~~the extent herein provided, adopt a county unit system of education~~
2 ~~for the purpose of levying, assessing, and collecting a school~~
3 ~~equalization tax and for such other administrative purposes as are~~
4 ~~authorized in this chapter.]~~

5 (b) Sections 18.04, 18.21, 18.22, 18.23, 18.24, and 18.31,
6 Education Code, are repealed.

7 (8) In Section 4.01 of the bill, in Section 11.86(a),
8 Education Code (page 81, line 1, House Committee Report), between
9 the second and third sentences of that subsection insert: "The
10 comptroller shall make appropriate adjustments in the study to
11 account for actions taken under Chapter 36."

ADOPTED

MAY 20 1993

Betty Murray
Chief Clerk
House of Representatives

AMENDMENT NO. 14

BY *Hackberg*

1 Amend C.S.S.B. No. 7 as follows:

2 (1) In Section 1.01 of the bill, in Subchapter A, Chapter
3 36, Education Code (page 4, between lines 14 and 15, House
4 Committee Report), add Section 36.010 to read as follows:

5 Sec. 36.010. DATE OF ELECTIONS. An election under this
6 chapter for voter approval of an agreement entered by the board of
7 trustees shall be held on a Tuesday or Saturday not more than 45
8 days after the date of the agreement. Section 41.001, Election
9 Code, does not apply to the election.

10 (2) In Section 1.01 of the bill, in Section 36.096(a),
11 Education Code (page 8, line 4, House Committee Report), strike
12 "Section 19.003" and substitute "Sections 19.003(d)-(h)".

13 (3) In Section 1.01 of the bill, in Section 36.122(a),
14 Education Code (page 9, line 4, House Committee Report), strike
15 "Section 19.003" and substitute "Sections 19.003(d)-(h)".

16 (4) In Section 1.01 of the bill, strike Section 36.152,
17 Education Code (page 10, lines 2-7, House Committee Report), and
18 substitute the following:

19 Sec. 36.152. DATE OF ELECTION. The agreement must provide
20 for the ordering of an election to be held on the same date in each
21 district.

22 (5) In Section 1.01 of the bill, in Section 36.153(a),
23 Education Code (page 10, line 14, House Committee Report), strike
24 "the rate of" and substitute "a rate not to exceed".

1 (6) In Section 2.01 of the bill, in Section 16.2551(e),
2 Education Code (page 60, line 4, House Committee Report), between
3 "receive a" and "tier one" insert "sufficient".

Amend C.S.S.B. No. 7 as follows:

- (1) On page 4, line 1, strike "UNAFFECTED".
- (2) On page 4, line 1, between the period and "A", insert "(a)".
- (3) On page 4, between lines 6 and 7, insert the following:
(b) The commissioner shall determine the wealth per student of a school district under this chapter as if any tax abatement agreement executed by a school district on or after May 1, 1993, had not been executed.
- (4) On page 81, line 26, strike "exemptions granted" and substitute "abatements granted before May 1, 1993, [exemptions granted]".

ADOPTED

as amended

MAY 20 1993

Betty Murray
Chief Clerk
House of Representatives

Amend the ~~House Bill~~ ^{to read as follows:}
AMENDMENT NO. 16

By H. H. H. H.
Gusenberg

Amend C.S.S.B. No. 7 as follows:

- (1) On page 4, line 1, strike "UNAFFECTED".
- (2) On page 4, line 1, between the period and "A", insert "(a)".
- (3) On page 4, between lines 6 and 7, insert the following:
 - (b) The commissioner shall determine the wealth per student of a school district under this chapter as if any tax abatement agreement executed by a school district on or after May 1, 1993, had not been executed.
- (4) On page 81, line 26, strike "exemptions granted" and substitute "abate³¹ments granted before May 31, 1993, [exemptions granted]".

ADOPTED

MAY 20 1993

Betty Messing
Chief Clerk
House of Representatives

AMENDMENT NO. 17

BY Harkberg

1 Amend C.S.S.B. No. 7 as follows:

2 (1) In Article 1, Section 1.01 of the bill (page 13, line 5,
3 House Committee Report), in proposed Section 36.182, Education
4 Code, between the period and "In", insert "(a)".

5 (2) In Article 1, Section 1.01 of the bill (page 13, House
6 Committee Report), in proposed Section 36.182, Education Code,
7 insert Subsection (b) to read as follows:

8 (b) The commissioner may not select a district that has been
9 created as a result of consolidation by agreement under Subchapter
10 B to be consolidated under this subchapter with a district that has
11 a property wealth greater than the equalized wealth level.

ADOPTED

MAY 20 1993

Betty Murray
Chief Clerk
House of Representatives

ADOPTED

MAY 20 1993

Betty Murray
Chief Clerk
House of Representatives

AMENDMENT NO. 18

BY *Bmm*

1 Amend C.S.S.B. No. 7 in Section 1.01 of the bill by striking
2 added Section 36.184, Education Code, and substituting the
3 following:

4 Sec. 36.184. GOVERNANCE. (a) Until the initial trustees
5 elected as provided by Subsection (b) have qualified and taken
6 office, a district consolidated under this subchapter is governed
7 by a transitional board of trustees consisting of one
8 representative of the board of trustees of each consolidating
9 district, except that if there is an even number of consolidating
10 districts, the consolidating district with the greatest student
11 membership on the last day of the school year preceding
12 consolidation is entitled to two representatives on the
13 transitional board. The respective boards of trustees shall
14 designate the representatives.

15 (b) The transitional board of trustees shall divide the
16 consolidated district into nine single-member trustee districts in
17 accordance with the procedures provided by Section 23.024. The
18 transitional board shall order an election for the initial board of
19 trustees to be held on the first January uniform election date
20 after the effective date of a consolidation order.

21 (c) Members of the board of trustees of a consolidated
22 district serve staggered terms of office for four years.

23 (d) Section 19.058 applies to districts consolidated under
24 this subchapter.

ADOPTED

MAY 20 1993

Betty Mussing
Chief Clerk
House of Representatives

AMENDMENT NO. 19

BY *Brown*

Amend C.S.S.B. No. 7 in Section 1.01 of the bill, in added Subchapter G, Chapter 36, Education Code, by adding a new Section 36.185 to read as follows:

Sec. 36.185. DISSOLUTION OF CONSOLIDATED DISTRICT. (a) If the legislature abolishes ad valorem taxes for public school maintenance and operations and adopts another method of funding public education, the board of trustees of a consolidated district created under this subchapter may dissolve the consolidated district, provided that the dissolution is approved by a majority of those voters residing within the district participating in an election called for the purpose of approving the dissolution of the consolidated school district.

(b) If a consolidated district is dissolved, each of the former districts is restored as a separate district and is classified as an independent district.

(c) Title to real property of the consolidated district is allocated to the restored district in which the property is located. Title to proportionate shares of the fund balances and personal property of the consolidated district, as determined by Subsection (e), are allocated to each restored district.

(d) Each of the restored districts assumes and is liable for:

(1) indebtedness of the consolidated district that relates to real property allocated to the district; and

(2) a proportionate share, as determined by Subsection (e), of indebtedness of the consolidated district that does not relate to real property.

1 (e) A restored district's proportionate share of fund
2 balances, personal property, or indebtedness is equal to the
3 proportion that the number of students in average daily attendance
4 in the restored district bears to the number of students in average
5 daily attendance in the consolidated district.

ADOPTED

MAY 20 1993

Buddy Murray
Chief Clerk
House of Representatives

AMENDMENT NO. 20

BY *Brown*

1 Amend C.S.S.B. No. 7 in Section 1.01 of the bill, in added
2 Subchapter G, Chapter 36, Education Code, by adding a new Section
3 36.185 to read as follows:

4 Sec. 36.185. FUND BALANCES. Fund balances of a school
5 district consolidated under this subchapter may be used only for
6 the benefit of the schools within that district.

AMENDMENT

NO. 21

BY *[Signature]*

Amend C.S.S.B. No. 7 in Section 1.01 of the bill, in added Subchapter G, Chapter 36, Education Code, by inserting a new Section 36.185 to read as follows:

Sec. 36.185. EMPLOYMENT CONTRACTS. A
consolidated district created under this subchapter
shall honor an employment contract entered
into by a consolidating district.

ADOPTED

MAY 20 1993

Betty Murray
Chief Clerk
House of Representatives

P. 13
June 13

ADOPTED

MAY 20 1993

Betty M. Murrey
Chief Clerk
House of Representatives

AMENDMENT NO.

22

BY

Hernandez

as follows:

1 Amend C.S.S.B. 7. In Section 1.01 of the bill, in added
2 Section 36.182, Education Code, ⁽¹⁾ ~~by striking~~ ^{strike} Subdivisions (1)-(5)
3 and substitut^eing the following:

4 (1) first, to the contiguous district that has the
5 lowest wealth per student and is located in the same county;

6 (2) second, to the district that has the lowest wealth
7 per student and is located in the same county;

(3) ~~third, to~~ ^{third, to} a contiguous district with a proper
wealth below the equalized wealth level which has
requested the commissioner that it be considered
in a consolidation plan, ~~which is~~

(4) fourth, to include as few districts as possible
which fall below the equalized wealth level within the
consolidation order which have not requested the
commissioner to be included;

9 (5) fifth , to the district that has the lowest wealth
10 per student and is located in the same regional education service
11 center area; and
12 (6) sixth to a district that has a tax rate similar
13 to that of the district that has a property wealth greater than the
 equalized wealth level.

(2) In Section 1.01 of the bill, in added Section 36.182,
Education Code (House Committee Report page 13, line 5), between
"CRITERIA." and "In", insert "(a)".

(3) In Section 1.01 of the bill, in added Section 36.182,
Education Code (House Committee Report page 13, between lines 21
and 22), insert a new Subsection (b) to read as follows:

(b) In applying the selection criteria specified by
Subsection (a), if more than two districts are to be consolidated,
the commissioner shall select the third and each subsequent
district to be consolidated by treating the district that has a
property wealth greater than the equalized wealth level and the
district or districts previously selected for consolidation as one
district.

Amend C.S.S.B. No. 7 as follows:

(1) On page 8, strike lines 26 and 27, and substitute "transfer of weighted average daily attendance will not result in any of the contracting districts' wealth per student being greater".

(2) On page 9, line 1, between "level" and the period, insert "and that the agreement requires an expenditure per weighted student in average daily attendance that is at least equal to the amount per weighted student in average daily attendance required under Section 36.093" ~~unless it is~~

determined that a quality education program can be delivered at a ~~different~~ amount, less or

by the commissioner

ADOPTED

MAY 20 1993

Betty Murray
Chief Clerk
House of Representatives

Amendment No. 24

By Shirley

Amend C.S.S.B. No. 17 in Section 1.01 of the bill, in added Subchapter A, Chapter 36, Education Code, by inserting a new Section 36.185 to read as follows:

Sec. 36.185. APPLICATION OF SMALL AND SPARSE ADJUSTMENTS ^{AND TRANSPORTATION ALLOTMENT} The budget of the consolidated district must apply the benefit of the adjustment ^{or allotment} to the schools of the consolidating district to which Sections 16.103 16.104 would have applied ~~in~~ the event that the consolidated district still qualifies as a small or sparse district.

↑
or 16.156

ADOPTED

MAY 20 1993

Betty Murray
Chief Clerk
House of Representatives

Amend CSSB7, Section 36.009, subsection (b) by striking ~~the~~ lines 12-14, page 4, and substituting therefor the following:

(b) If a final order of a court of competent jurisdiction should hold each of the options provided by Section 36.003 invalid, the Commissioner shall act under Subchapter G to achieve the equalized wealth level only after notice and hearing is afforded to those school districts effected by any such order; provided, further, that such plan implemented by the Commissioner shall be adopted that least disrupts the effected school districts. If because of the exigency to adopt a plan prevents the Commissioner ~~from~~ ^{to give} a reasonable time for notice and hearing, the Commissioner shall timely give notice and ~~the~~ hold a hearing to the effected school districts, but in no event less than 30 days from time of notice and date of hearing.

ADOPTED

MAY 20 1993

Betty Murray
Chief Clerk
House of Representatives

Amend SB7 by adding page 4 line 14 following
"level."

Sec. 36.010 TAXES PAID. If in any tax year subsequent to the LEVY OR ASSESSMENT OF Ad VALOREM TAXES by a district the taxes due are paid on a specific property for that year within the district, a consolidation by the commission or a detachment and annexation shall have no effect on the amount of taxes imposed and paid for the year of the consolidation, detachment or annexation on the specific property for that year's appraisal roll.

ADOPTED

MAY 20 1993

Betty Murray
Chief Clerk
House of Representatives

AMENDMENT NO.

27

BY

Averett

Amend C.S.S.B. No. 7 as follows:

In Section 1.01 of the bill, in Section 36.157, Education Code (page 11, between lines 20 and 21, House Committee Report), add Subsection (d) to read as follows:

(d) Notwithstanding Sections 20.04 and 20.09, the consolidated taxing district may levy, assess, and collect a maintenance tax for the benefit of the component districts at a rate that exceeds \$1.50 per \$100 valuation of taxable property to the extent necessary to pay contracted obligations on the lease purchase of permanent improvements to real property entered into on or before May 12, 1993. The proposition to impose taxes at the necessary rate must be submitted to the voters in the manner provided by Section 20.04.

ADOPTED

MAY 20 1993

Betty Murray
Chief Clerk
House of Representatives

Floor Amendment No. 28

CSSB 7 by Ratliff

Uher

Amend CSSB 7, by amending section 16.252(e), Education Code, by adding the following language at the end of that subsection:

This subsection shall apply to determinations by the commissioner in identifying districts with wealth per student exceeding the equalized wealth level pursuant to Section 36.004, of this code.

ADOPTED

MAY 20 1993

Betty Murray
Chief Clerk
House of Representatives



1 Amend C.S.S.B. No. 7 as follows:

2 (1) On page 59, line 19, strike "February 1" and
3 substitute "April 1".

4 (2) On page 59, line 23, strike "next" and substitute
5 "current".

6 (3) On page 60, line 22, between "federal" and "funds",
7 insert "proprietary".

8 (4) On page 94, line 22, strike "1994-1995" and
9 substitute "1993-1994".

10 (5) On page 94, line 22, strike "September" and
11 substitute "July".

12 (6) On page 94, line 24, strike "1994-1995" and
13 substitute "1993-1994".

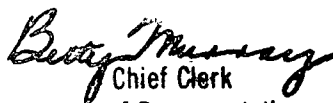
14 (7) On page 94, line 26, strike "February 1" and
15 substitute "April 1".

16 (8) On page 94, line 27, strike "1994-1995" and
17 substitute "1993-1994".

18 (9) On page 95, line 3, strike "1994-1995" and substitute
19 "1993-1994".

ADOPTED

MAY 20 1993


Chief Clerk
House of Representatives

Amendment No. 30

By Davila
~~B. H. T.~~

Amend the CSSB No. 7 by adding
a new section as follows:

to Article 1

SECTION IDEAL SCHOOL DISTRICT COMMISSION.

The ~~Commission~~ Commission shall be
composed of five members of the Senate
~~and~~ five members of the House of Representatives.
and one person appointed by the Governor.
The members of the Senate and House
shall be appointed by the presiding officer
of each body. The person appointed by the
Governor shall serve as the Chair.

(a) Duties of the Commission

The ~~Commission~~ Commission shall
analyze the need for standards regarding
the maximum and minimum sizes for
school districts in this state and recommend
to the 74th Session its findings and
conclusions.

(b) Authority of the Commission

The ~~Commission~~ Commission shall
have the authority vested in any standing
committee of either the Senate or the House
or both.

ADOPTED

MAY 20 1993

Barry Murray
Chief Clerk
House of Representatives

AMENDMENT NO. 31

BY HOLZHEAUSER

1 Amend C.S.S.B. No. 7 as follows:

2 (1) In Article 2, Section 2.01 of the bill, in Section
3 16.2551(h)(2), Education Code (page 60, line 26, House Committee
4 Report), between "services," and "and", insert "that part of the
5 salaries of administrators, other than campus principals, that can
6 be attributed to the time those administrators spend performing
7 duties other than instructing students,".

8 (2) In Article 2, Section 2.01 of the bill, in Section
9 16.2551(h)(3), Education Code (page 61, line 4, House Committee
10 Report), between "students," and "for" insert "including salaries
11 of campus principals and that part of the salaries of
12 administrators other than campus principals that can be attributed
13 to the time those administrators spend instructing students,".

ADOPTED

MAY 20 1993

Betty Messing
Chief Clerk
House of Representatives

ADOPTED

MAY 20 1993

Betty Murray
Chief Clerk
House of Representatives

AMENDMENT NO. 32

BY *Ogden*

1 Amend C.S.S.B. No. 7 in Section 2.04 of the bill by striking
2 proposed Section 26.08, Tax Code (House Committee Report, page 73,
3 line 14, through page 78, line 2), and substituting the following:

4 Sec. 26.08. ELECTION TO LIMIT SCHOOL TAXES. (a) If the
5 governing body of a school district adopts a rate that exceeds the
6 school district rollback tax rate [~~sum-of-the-district's--effective~~
7 ~~maintenance--rate,--the--rate--of--\$0.08,--and--the--district's--current~~
8 ~~debt-rate~~], the qualified voters of the district at [~~by--petition~~
9 ~~may--require-that~~] an election [~~be~~] held for that purpose must [~~to~~]
10 determine whether or not to limit the tax rate the governing body
11 may adopt for the current [~~following~~] year to the school district
12 rollback tax rate. When increased expenditure of funds by a school
13 district is necessary to respond to a disaster, such as a tornado,
14 hurricane, flood, or other calamity (not including a drought) which
15 has impacted a school district and the governor has requested
16 federal disaster assistance for the area in which the school
17 district is located, an election [~~a--petition~~] is not required
18 [~~valid~~] under this section to repeal a tax increase adopted the
19 next time the district adopts a tax rate after the date the
20 disaster occurs.

21 (b) The [~~A-petition-is-valid-only-if-~~
22 [~~(1)--it-states-that--it--is--intended--to--require--an~~
23 ~~election-in-the-school-district-on-the-question-of-limiting-the-tax~~
24 ~~rate-for-the-following-year,~~

1 [~~(2)~~--it--is--signed-by-a-number-of-qualified-voters-of
2 the-school-district-equal-to-at-least-10-percent-of-the--number--of
3 qualified--voters--of--the--district--according--to-the-most-recent
4 official-list-of-qualified-voters-not-counting--the--signatures--of
5 voters---gathered---by--a--person--who--received--compensation--for
6 circulating-the-petition;-and

7 [~~(3)~~--it-is-submitted--to--the--governing--body--on--or
8 before--the--90th--day--after--the-date-on-which-the-governing-body
9 adopted-the-tax-rate-for-the-current-year-

10 [~~(c)~~--Not-later-than-the-20th-day-after-the-day-a-petition-is
11 submitted;-the-governing-body-shall-determine-whether--or--not--the
12 petition--is--valid--and-pass-a-resolution-stating-its-finding--If
13 the-governing-body-fails--to--act--within--the--time--allowed;-the
14 petition-is-treated-as-if-it-had-been-found-valid-

15 [~~(d)~~--If--the] governing body [finds--that-the-petition-is
16 valid-(or-fails-to-act-within-the-time-allowed)-;-it] shall order
17 that the [an] election be held in the school district on a date not
18 less than 30 or more than 90 days after the [last] day on which it
19 adopted the tax rate [could-have-acted-to-approve-or-disapprove-the
20 petition]. A state law requiring local elections to be held on a
21 specified date does not apply to the election unless a specified
22 date falls within the time permitted by this section. At the
23 election, the ballots shall be prepared to permit voting for or
24 against the proposition: "Reducing [~~Limiting~~] the ad valorem tax
25 rate in (name of school district) for the current year from (the
26 rate adopted) to (the school district rollback tax rate) [~~(the~~
27 ~~following-year)~~]."

1 (c) [~~te~~] If a majority of the qualified voters voting on
2 the question in the election favor the proposition, the [governing
3 body-may-not-adopt-a] tax rate for the school district for [in] the
4 current [following] year is [that--exceeds] the school district
5 rollback tax rate calculated for that year; otherwise the tax rate
6 for the current year is the one adopted by the governing body
7 [using-the-following-formula:

8 [ROLLBACK-TAX-RATE--(~~EF~~EFFECTIVE-MAINTENANCE-AND-OPERATIONS
9 RATE-FOR-ELECTION-YEAR)--+\$0.08)--CURRENT-DEBT-RATE

10 where-"election-year"--denotes--amounts--used--in--calculating--the
11 rollback--tax--rate--in--the--year--in--which--the--tax--increase--that
12 initiated--the--referendum--occurred--rather--than--the--year--in--which--the
13 calculation--occurs].

14 (d) For purposes of this section, except as provided by
15 Subsection (e), the school district rollback tax rate of a school
16 district is the sum of:

17 (1) the tax rate that, applied to the current total
18 value for the district, would impose taxes in an amount that, when
19 added to state funds to be distributed to the district under
20 Chapters 15 and 16, Education Code, for the school year beginning
21 in the current tax year, would provide the same amount of state
22 funds and local maintenance and operations taxes per student in
23 weighted average daily attendance for that school year that was
24 available to the district in the preceding year;

25 (2) the rate of \$0.06; and

26 (3) the district's current debt rate.

27 (e) In the first year in which a school district that is the

1 product of the consolidation of two or more whole school districts
2 adopts a tax, the school district rollback tax rate for the
3 consolidated district is the sum of:

4 (1) the tax rate that, applied to the current total
5 value for the district, would impose taxes in an amount that, when
6 added to state funds to be distributed to the district under
7 Chapters 15 and 16, Education Code, for the school year beginning
8 in the current tax year, would provide the same amount of state
9 funds and local maintenance and operations taxes per student in
10 weighted average daily attendance for that school year that was
11 available to the component district in the preceding year for which
12 that amount was greater than for any other component district;

13 (2) the rate of \$0.06; and

14 (3) the consolidated district's current debt rate.

15 (f) For purposes of Subsections (d) and (e), the amount of
16 state funds and local maintenance and operations taxes that was
17 available to a school district in the preceding year is the amount
18 of state funds distributed to the school district under Chapters 15
19 and 16, Education Code, for the preceding school year and the total
20 amount of local maintenance and operations taxes imposed by the
21 district in the preceding tax year.

22 (g) In this section, "weighted students in average daily
23 attendance" has the meaning assigned by Section 16.302, Education
24 Code.

25 (h) [~~+~~~~f~~] For purposes of this section, local tax funds
26 dedicated to a junior college district under Section 20.48(e),
27 [Texas] Education Code, shall be eliminated from the calculation of

1 the tax rate adopted by the governing body of the school district.
2 However, the funds dedicated to the junior college district are
3 subject to Section 26.085 of this code.

4 [(g) -- If a school district is certified by the commissioner
5 of education under Section 16.251(c), Education Code, to have been
6 subject to a reduction in total revenue for the school year ending
7 on August 31 of the tax year:

8 [(1) -- the district's effective maintenance and
9 operations rate for the tax year is calculated as provided by
10 Section 26.012, except that last year's levy is reduced by the
11 amount of taxes imposed in the preceding year, if any, to offset
12 the amount of any reduction certified by the commissioner of
13 education under Section 16.251(c), Education Code, for the school
14 year ending on August 31 of the preceding year; and

15 [(2) -- the district's rollback tax rate for the tax year
16 calculated as provided by Section 26.04 or by Subsection (e) of
17 this section, as applicable, is increased by the tax rate that, if
18 applied to the current total value for the school district, would
19 impose taxes in an amount equal to the amount of the reduction
20 certified by the commissioner of education under Section 16.251(c),
21 Education Code, for the school year ending on August 31 of the tax
22 year:

23 [(i) -- If a school district is certified by the commissioner
24 of education under Section 16.254(e), Education Code, to have been
25 subject to a reduction in state funds for the school year ending on
26 August 31 of the tax year:

27 [(1) -- the district's effective maintenance and

1 operations--rate--for--the--tax--year--is-calculated-as-provided-by
2 Section-26.012, except-that-last-year's--levy--is--reduced--by--the
3 amount--of--taxes--imposed-in-the-preceding-year, if-any, to-offset
4 the-amount-of--any--reduction--in--state--funds--certified--by--the
5 commissioner-of-education-under-Section-16.254, Education-Code, for
6 the-school-year-ending-on-August-31-of-the-preceding-year; and

7 [(2)--the-district's-rollback-tax-rate-for-the-tax-year
8 calculated--as--provided--by--Section-26.04-or-by-Subsection-(e)-of
9 this-section, as-applicable, is-increased-by-the-tax-rate-that,--if
10 applied--to--the-current-total-value-for-the-school-district, would
11 impose-taxes-in-an-amount-equal-to-the-amount-of-the--reduction--in
12 state--funds--certified--by--the--commissioner--of--education-under
13 Section-16.254, Education-Code,--for--the--school--year--ending--on
14 August-31-of-the-tax-year.]

15 [(j)--In--a--school-district-that-received-distributions-from
16 an-equalization-tax-imposed-under-Chapter-18, Education--Code,--the
17 effective--rate--of--that--tax--as--of--the-date-of-the-county-unit
18 system's-abolition-is-added-to-the-district's-effective-maintenance
19 and-operations-rate-under-Subsections-(a)-and-(e)-of--this--section
20 in-the-calculation-of-the-district's-rollback-tax-rate.]

21 (i) in calculating the school district rollback tax rate for
22 a school district for the 1993 tax year, county education district
23 taxes received by the school district for the 1992-1993 school year
24 are treated as state funds distributed to the district under
25 Chapter 16, Education Code, for that school year. This subsection
26 expires Janaury 1, 1995.

By: Macht

Amendment to C.S.S.B. 7

On page 93, line 17, after "education", take out the period, add a comma and add the following to Section 4.14. (a):

"except any penalties paid to a county education district in 1993 shall be allocated to the school district that is the situs of the property that incurred the penalties."

Renumber subsequent lines as appropriate.

ADOPTED

MAY 20 1993

Betty Messing
Chief Clerk
House of Representatives

AMENDMENT NO.

34

BY

Q. J. L. L.

Amend C.S.S.B. No. 7 as follows:

(1) In Section 3.01 of the bill, in added Section 21.259, Education Code, strike "and" after Subdivision (5) and strike "16.2551." at the end of Subdivision (6) and substitute:

"16.2551; and

(7) a statement of the amount, if any, of the school district's unencumbered surplus fund balance as of the last day of the preceding fiscal year and the percentage of the preceding year's budget that the surplus represents."

ADOPTED

MAY 20 1993

Betty Murray
Chief Clerk
House of Representatives

AMENDMENT NO. 35BY [Signature]

MAY 20 1993

[Signature]
Chief Clerk
House of Representatives

Amend C.S.S.B. No. 7 by adding a new article to be appropriately numbered and to read as follows and by renumbering subsequent articles appropriately:

Article ____

SECTION __.01. Subchapter Z, Chapter 13, Education Code, is amended by adding Section 13.914 to read as follows:

Sec. 13.914. LOANED TEACHERS. (a) A school district may by agreement with a business, including a sole proprietorship or corporation, accept for special employment as a classroom teacher with the district a person employed by the business subject to the conditions prescribed by Subsection (b).

(b) An agreement under Subsection (a) must provide that:

(1) the salary of the loaned teacher is paid by the business according to the contractual relationship between the business and the loaned teacher;

(2) the school district shall supervise the loaned teacher in the performance of teaching activities; and

(3) all health and accident insurance and pension benefits of the loaned teacher are the exclusive obligation of the business.

(c) The commissioner of education may adopt guidelines for an agreement under this section and may authorize the expenditure of Central Education Agency funds for the recruiting and employment of loaned teachers under this section.

(d) The state board of education by rule may provide a one-year exemption for a loaned teacher from the teacher certification requirements of this chapter and may provide minimum standards and educational experience for qualifications for the exemption.

SECTION __.02. Subchapter A, Chapter 171, Tax Code, is amended by adding Section 171.003 to read as follows:

Sec. 171.003. LOANED TEACHER CREDIT. (a) A corporation that provides an employee of the corporation to a school district as a loaned teacher under Section 13.914, Education Code, is entitled to a credit to be applied against the tax imposed under this chapter

in an amount equal to one-half of the amount of the compensation paid by the corporation to the loaned teacher for services performed for the school district and one-half of any expenses incurred by the corporation in providing the loaned teacher, including the costs of insurance covering the corporation for any liability that might arise from the activities of the loaned teacher while in the scope of teaching duties.

(b) The credit authorized by this section may be applied against any taxes due for a reporting period occurring after the completion of the loaned teachers duties for the school district as provided by the comptroller's rules.

(c) The credit authorized by this section is nontransferable and may not exceed the amount of the taxes due under this chapter for the period for which the credit may be claimed.

(d) A corporation must provide the comptroller with information as requested by the comptroller to determine the validity of the credit under this section.

ADOPTED

MAY 20 1993

Betty Murray
Chief Clerk
House of Representatives

AMENDMENT NO.

36

BY

Caldwell

1 Amend the proposed substitute for S.B. No. 7 by inserting
2 the following new article and sections, appropriately numbered, and
3 renumbering the existing articles and sections appropriately:

4 ARTICLE ____

5 SECTION ____ . Sections 4.25(a) and (b), Education Code, are
6 amended to read as follows:

7 (a) If any parent or person standing in parental relation to
8 a child, within the compulsory school attendance ages and not
9 lawfully exempt or properly excused from school attendance, fails
10 to require such child to attend school for such periods as required
11 by law, it shall be the duty of the proper attendance officer to
12 warn, in writing, the parent or person standing in parental
13 relation that attendance must be immediately required. If after
14 this warning the parent or person standing in parental relation
15 intentionally, knowingly, recklessly, or with criminal negligence
16 fails to require the child to attend school as required by law and
17 the child has unexcused voluntary absences for the amount of time
18 specified under Section 51.03(b)(2), Family Code, the parent or
19 person standing in parental relation commits an offense. The
20 attendance officer shall file a complaint against him in the county
21 court, in the justice court of his resident precinct, or in the
22 municipal court of the municipality in which he resides or in the
23 municipality or justice of the peace precinct in which the school
24 is located. In addition, if the child has unexcused voluntary

absences for the amount of time specified under Section 51.03(b)(2), Family Code ~~[been-voluntarily-absent-from--school--for 10-or-more-days-or-parts-of-days-within-a-six-month-period-or-three or-more-days-or-parts-of-days-within-a-four-week-period-without-the consent--of--his--parents]~~, the attendance officer shall refer the child to the county juvenile probation department for action as conduct indicating a need for supervision under that section ~~[Section-51.03(b), Family Code]~~. A court in which a complaint is filed under this subsection shall give preference to a hearing on the complaint over other cases before the court. An offense under this section is punishable by a fine of not less than \$10 ~~[\$5]~~ nor more than \$50 ~~[\$25]~~ for the first offense, not less than \$20 ~~[\$10]~~ nor more than \$100 ~~[\$50]~~ for the second offense, and not less than \$50 ~~[\$25]~~ nor more than \$200 ~~[\$100]~~ for a subsequent offense. Each day the child remains out of school after the warning has been given or the child ordered to school by the juvenile court may constitute a separate offense. If the court probates the sentence, the court may require the defendant to render personal services to a charitable or educational institution as a condition of probation.

(b) A fine collected under this section shall be deposited as follows:

(1) one-half shall be deposited to the credit of the operating fund of the school district in which the child attends school; and

(2) one-half shall be deposited to the credit of:

(A) the general fund of the county, if the

1 complaint is filed in the county court or justice court; or

2 (B) the general fund of the municipality, if the
3 complaint is filed in municipal court [~~It--is--a--defense--to~~
4 ~~prosecution-under-Subsection-(a)-of-this-section-that-the-parent-or~~
5 ~~person-standing-in-parental-relation-to--the--child--is--unable--to~~
6 ~~compel-the-child-to-attend-school~~].

7 SECTION _____. Subchapter A, Chapter 4, Education Code, is
8 amended by adding Sections 4.251 and 4.252 to read as follows:

9 Sec. 4.251. FAILURE TO ATTEND SCHOOL. (a) A child commits
10 an offense if the child:

11 (1) is required to attend school under Section 21.032
12 of this code; and

13 (2) during six consecutive months in a school year,
14 fails to attend school for five or more days without an excuse as
15 provided by Section 21.035 of this code.

16 (b) An offense under this section is a misdemeanor
17 punishable by a fine not to exceed \$500.

18 Sec. 4.252. PROCEEDING ON FAILURE TO ATTEND SCHOOL. (a) A
19 child may not plead guilty to an offense under Section 4.251 of
20 this code except in open court before the judge.

21 (b) A child may not be convicted of an offense under Section
22 4.251 of this code except in the presence of the child's parent.
23 The court shall summon the child's parent to appear in court and be
24 present during all proceedings in the case. The court may waive
25 the requirement of the parent's presence if after diligent effort
26 the court is unable to locate the parent or compel the parent's
27 presence.

1 (c) If a child is convicted of a first offense under Section
2 4.251 of this code, the judge presiding at the hearing shall
3 admonish the child that if the child is convicted of a second
4 offense under Section 4.251 of this code:

5 (1) the child's driver's license or permit is subject
6 to suspension, if the child holds a license or permit; or

7 (2) the issuance of a driver's license or permit to
8 the child may be delayed for not more than one year, if the child
9 does not hold a license or permit.

10 (d) A judge shall report a conviction of an offense under
11 Section 4.251 of this code to the Department of Public Safety in
12 the manner that a traffic conviction is reported under Section 152,
13 Uniform Act Regulating Traffic on Highways (Article 6701d, Vernon's
14 Texas Civil Statutes).

15 (e) In this section, "parent" includes a person standing in
16 parental relation.

17 SECTION _____. Section 21.035(g), Education Code, is amended
18 to read as follows:

19 (g) The absences of a student who returns to school as a
20 result of a prosecution under Section 4.25 or 4.251 of this code or
21 by order of a court may be excused if the student:

22 (1) returns to school and attends class regularly and
23 to the satisfaction of the district;

24 (2) satisfactorily completes assignments for the
25 period of the absence within a reasonable time determined by the
26 district; and

27 (3) passes an examination at the completion of the

1 class.

2 SECTION _____. Section 21.039(a), Education Code, is amended
3 to read as follows:

4 (a) A school attendance officer shall have the following
5 powers and duties:

6 (1) to investigate all cases of unexcused absences
7 from school;

8 (2) to administer oaths and to serve legal process;

9 (3) to enforce the provisions of the compulsory
10 attendance law;

11 (4) to keep records of all cases of any kind
12 investigated by him in the discharge of his duties;

13 (5) to make all reports of his work required of him by
14 the commissioner of education; and

15 (6) to refer to a juvenile court any truant pupil who
16 has unexcused voluntary absences for the amount of time specified
17 under Section 51.03(b)(2), Family Code, or to file a complaint
18 against any recalcitrant person having parental control as provided
19 in Section 4.25 of this code, or to file a complaint against a
20 pupil for a violation of Section 4.251 of this code.

21 SECTION _____. Chapter 54, Family Code, is amended by adding
22 Section 54.043 to read as follows:

23 Sec. 54.043. MONITORING SCHOOL ATTENDANCE. If the court
24 places a child on probation under Section 54.04(d) of this code and
25 requires as a condition of probation that the child attend school,
26 the probation officer charged with supervising the child shall
27 monitor the child's school attendance and report to the court if

1 the child is voluntarily absent from school.

2 SECTION _____. Section 4A(a), Chapter 173, Acts of the 47th
3 Legislature, Regular Session, 1941 (Article 6687b, Vernon's Texas
4 Civil Statutes), as added by Chapter 303, Acts of the 68th
5 Legislature, Regular Session, 1983, is amended to read as follows:

6 (a) The Department may not issue a license or permit to a
7 person convicted of an offense under Article 67011-1, Revised
8 Statutes, or Section 19.05(a)(2), Penal Code, or an offense to
9 which Section 24(a-1) of this Act applies unless the period of
10 suspension that would have applied had the person had a license,
11 permit, or privilege at the time of the conviction has expired.
12 The Department may not issue a license or permit to a person if the
13 Department has been ordered by a juvenile court under Section
14 54.042, Family Code, to deny the person a license or permit, unless
15 the period of time specified in the order has expired. The
16 Department may not issue a license or permit to a person convicted
17 of a second or subsequent offense under Section 4.251, Education
18 Code, before the first anniversary of the person's most recent
19 conviction under that section.

20 SECTION _____. Section 22(b), Chapter 173, Acts of the 47th
21 Legislature, Regular Session, 1941 (Article 6687b, Vernon's Texas
22 Civil Statutes), is amended to read as follows:

23 (b) Except for the fifth (5th), eleventh (11th), and twelfth
24 (12th) listed grounds in this subsection, for which the director
25 has authority to revoke a license, the authority to suspend the
26 license of any driver as authorized in this Section is granted the
27 director upon determining that the person:

1 (1) has operated a motor vehicle on a highway while
2 the person's license was suspended;

3 (2) has been responsible as a driver for any accident
4 resulting in death;

5 (3) is an habitual reckless or negligent driver of a
6 motor vehicle;

7 (4) is an habitual violator of the traffic law.

8 The term "habitual violator" as used herein, shall mean
9 any person with four (4) or more convictions arising out of
10 different transactions in a consecutive period of twelve (12)
11 months, or seven (7) or more convictions arising out of different
12 transactions within a period of twenty-four (24) months, such
13 convictions being for moving violations of the traffic laws of this
14 state or its political subdivisions other than a violation of:

15 (A) Section 3 or 5, Chapter 42, General Laws,
16 Acts of the 41st Legislature, 2nd Called Session, 1929 (Article
17 6701d-11, Vernon's Texas Civil Statutes);

18 (B) Chapter 293, Acts of the 53rd Legislature,
19 Regular Session, 1953 (Article 6701d-12, Vernon's Texas Civil
20 Statutes);

21 (C) Chapter 608, Acts of the 65th Legislature,
22 Regular Session, 1977 (Article 6701d-12a, Vernon's Texas Civil
23 Statutes);

24 (D) Chapter 73, Acts of the 54th Legislature,
25 Regular Session, 1955 (Article 6701d-13, Vernon's Texas Civil
26 Statutes);

27 (E) Chapter 212, Acts of the 56th Legislature,

1 Regular Session, 1959 (Article 6701d-14, Vernon's Texas Civil
2 Statutes);

3 (F) Chapter 8, Acts of the 62nd Legislature,
4 Regular Session, 1971 (Article 6701d-17, Vernon's Texas Civil
5 Statutes); or

6 (G) Section 107C, Uniform Act Regulating Traffic
7 on Highways (Article 6701d, Vernon's Texas Civil Statutes);

8 (5) is incapable of safely driving a motor vehicle;

9 (6) has permitted an unlawful or fraudulent use of
10 such license;

11 (7) has committed an offense in another state, which
12 if committed in this State would be grounds for suspension or
13 revocation;

14 (8) has violated a restriction imposed on the use of
15 the license;

16 (9) has been responsible as a driver for any accident
17 resulting in serious personal injury or serious property damage;

18 (10) is the holder of a provisional license under
19 Section 11A of this Act and has been convicted of two (2) or more
20 moving violations committed within a period of twelve (12) months;

21 (11) has not complied with the terms of a citation
22 issued by a jurisdiction that is a member of the Nonresident
23 Violator Compact of 1977 for a violation to which the compact
24 applies;

25 (12) has a warrant of arrest outstanding, for failure
26 to appear or pay a fine on a complaint, that is issued by a
27 political subdivision that has contracted with the Department under

1 Article 6687c, Revised Statutes;

2 (13) has committed an offense under Section 186,
3 Uniform Act Regulating Traffic on Highways (Article 6701d, Vernon's
4 Texas Civil Statutes);

5 (14) has failed to provide medical records or has
6 failed to undergo medical or other examinations as required by a
7 panel of the Medical Advisory Board;

8 (15) has failed to take, or failed to pass, any
9 examination required by the director under this Act; ~~[or]~~

10 (16) has been reported by a court under Section 1c or
11 2(a), Chapter 302, Acts of the 55th Legislature, Regular Session,
12 1957 (Article 67011-4, Vernon's Texas Civil Statutes), for failure
13 to appear or default in payment of a fine unless the court has
14 filed an additional report on final disposition of the case; or

15 (17) holds a provisional license or an instruction
16 permit and has been convicted of a second or subsequent offense
17 under Section 4.251, Education Code.

18 SECTION _____. Section 4.251, Education Code, as added by
19 this article, applies only to an absence from school on or after
20 the effective date of this article.

21 SECTION _____. (a) The change in law made by this article
22 applies only to an offense committed on or after the effective date
23 of this article. For the purposes of this section, an offense is
24 committed before the effective date of this article if any element
25 of the offense occurs before the effective date.

26 (b) An offense committed before the effective date of this
27 article is covered by the law in effect when the offense was

1 committed, and the former law is continued in effect for that
2 purpose.

3 SECTION _____. This article takes effect September 1, 1993.

ADOPTED

1993 MAY 19 PM 4: 27

MAY 20 1993

HOUSE OF REPRESENTATIVES

Betty Murray
Chief Clerk
House of Representatives

AMENDMENT NO. 37

BY *Wallis*

Amend C.S.S.B. No. 7 as follows:

(1) Add a new section, appropriately numbered, to read as follows:

SECTION _____. Amend Subchapter Z, Chapter 21, Education Code, by adding Section 21.938 to read as follows:

Sec. 21.938. LEGISLATIVE LOBBYIST OR LIAISON; PROHIBITION.

(a) A school district may not employ a person who is required to register under Chapter 305, Government Code, by virtue of the person's activities on behalf of the school district.

(b) A school district may not employ a person whose primary duties are activities related to proposed legislation or administrative action, including supplying information to members of the legislative or executive branch, obtaining information from members of the legislative or executive branch, monitoring the progress of proposed legislation or administrative action, or acting as an advocate or proponent of proposed legislation or administrative action.

(c) A school district that employs a person in violation of this section is liable to this state for a civil penalty in an amount equal to three times the total compensation the district has paid to that person. The attorney general may sue to collect the penalty.

(d) If a civil penalty is imposed against a school district under this section, the commissioner of education shall reduce the amount allocated to the district from the foundation school fund in an amount equal to the compensation paid by the district to the person employed in violation of this section.

AMENDMENT NO.

38

BY

McCauley

Amend C.S.S.B. No. 7 in Article 4 by adding an appropriately numbered section to read as follows:

SECTION . Subchapter B, Chapter 23, Education Code, is amended by adding Section 23.34 to read as follows:

Sec. 23.34. CONTRACTS FOR EDUCATIONAL SERVICES. The board of trustees of an independent school district may contract with a public or private entity for that entity to provide educational services for the district.

ADOPTED

MAY 20 1993

Betty Murray
Chief Clerk
House of Representatives

Amendment No.

39

By

Brady

ADOPTED

MAY 20 1993

Brady Murray
Chief Clerk
House of Representatives

3 Amend C.S.S.B. No. 7 by inserting the following Section,
4 appropriately numbered, and renumbering subsequent sections
5 accordingly:

6 SECTION ____ Section 16.152, Education Code, is amended by
7 adding Subsections (m) and (n) to read as follows:

8 (m) From the total amount of funds appropriated for
9 allotments under this section, the commissioner of education may
10 withhold an amount not exceeding \$1,000,000 each fiscal year and
11 distribute the funds to school districts that incur unanticipated
12 expenditures resulting from a significant increase in the
13 enrollment of nonhandicapped students who reside in residential
14 placement facilities.

15 (n) After deducting the amount withheld under Subsection (m)
16 of this section from the total amount appropriated for the
17 allotment under Subsection (a) of this section, the commissioner of
18 education shall reduce each district's allotment under Subsection
19 (a) proportionately.

ADOPTED

as amended

MAY 20 1993

Betty Murray
Chief Clerk
House of Representatives

AMENDMENT NO. 40

By Grusendorf

Amend C.S.S.B. No. 7 by inserting the following new article and sections, appropriately numbered, and renumbering the existing sections appropriately:

ARTICLE ____

SECTION ____ Title 2, Education Code, is amended by adding Chapter 35 to read as follows:

CHAPTER 35. PUBLIC SCHOOL SYSTEM ACCOUNTABILITY

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 35.001. PUBLIC EDUCATION GOALS. The objective of state support and maintenance of a system of public education is education for good citizenship and is grounded on the conviction that a general diffusion of knowledge is essential for the welfare of Texas and for the preservation of the liberties and rights of citizens. The goals of public education are as follows:

GOAL A: All students shall have access to an education of high quality that will prepare them to participate fully now and in the future in the social, economic, and educational opportunities available in Texas.

GOAL B: The achievement gap between educationally disadvantaged students and other populations will be closed. Through enhanced dropout prevention efforts, the graduation rate will be raised to 95 percent of students who enter the seventh grade.

GOAL C: The state shall demonstrate exemplary performance in

1 comparison to national and international standards for student
2 performance.

3 GOAL D: A well-balanced and appropriate curriculum will be
4 provided to all students.

5 GOAL E: Qualified and effective personnel will be attracted
6 and retained. Adequate and competitive compensation commensurate
7 with responsibilities will be ensured. Qualified staff in critical
8 shortage areas will be recruited, trained, and retained.

9 GOAL F: The organization and management of all levels of the
10 education system will be productive, efficient, and accountable.

11 GOAL G: Instruction and administration will be improved
12 through research that identifies creative and effective methods.
13 Demonstration programs will be developed and local initiatives
14 encouraged for new instructional arrangements and management
15 techniques. Technology will be used to increase the equity,
16 efficiency, and effectiveness of student learning, instructional
17 management, staff development, and administration.

18 SUBCHAPTER B. ASSESSMENT OF ACADEMIC SKILLS

19 Sec. 35.021. ESSENTIAL SKILLS AND KNOWLEDGE. (a) The State
20 Board of Education by rule shall establish the essential skills and
21 knowledge that all students should learn to achieve the goals
22 provided under Section 35.001 of this code.

23 (b) Before adopting rules under this section, the board
24 shall consider the comments of the Legislative Education Board as
25 required under Section 11.24 of this code.

26 Sec. 35.022. ASSESSMENT PROGRAM. (a) The State Board of

1 Education by rule shall create and implement a statewide assessment
2 program that is primarily performance-based to ensure school
3 accountability for student achievement that achieves the goals
4 provided under Section 35.001 of this code. After adopting rules
5 under this section, the State Board of Education shall consider the
6 importance of maintaining stability in the statewide assessment
7 program when adopting any subsequent modification of the rules.

8 (b) Before adopting rules under this section, the State
9 Board of Education shall consider the comments of the Legislative
10 Education Board as required under Section 11.24 of this code.

11 Sec. 35.023. ADOPTION AND ADMINISTRATION OF INSTRUMENTS.

12 (a) The Central Education Agency shall adopt appropriate
13 criterion-referenced assessment instruments designed to assess
14 competencies in reading, writing, social studies, science,
15 mathmematics, and other subject areas determined by the State Board
16 of Education. Assessment in reading and mathematics shall be
17 annual for all nonexempt pupils in grades three through eight and
18 assessment shall be periodic in other areas as determined by the
19 State Board of Education.

20 (b) The Central Education Agency shall also adopt secondary
21 exit-level assessment instruments designed to assess competencies
22 in mathematics, social studies, science, and English language arts
23 and other subject areas determined by the State Board of Education.
24 The English language arts section must include the assessment of
25 writing competencies. The State Board of Education shall
26 administer the assessment instruments.

1 (c) The State Board of Education shall adopt a schedule for
2 the administration of secondary exit-level assessment instruments.
3 Each pupil who did not perform satisfactorily on any secondary
4 exit-level assessment instrument when initially tested shall be
5 given multiple opportunities to retake that assessment instrument.

6 (d) An assessment instrument adopted under this section may
7 include multiple sets of questions with one set administered to
8 each group of students assessed in order to enhance security and
9 broaden the total curriculum elements assessed.

10 (e) The assessment instruments shall be designed to include
11 assessment of a student's problem-solving ability and
12 complex-thinking skills.

13 (f) The assessment instruments required by Subsections (a)
14 and (b) of this section must include assessments of social studies
15 and science not later than the 1994-1995 school year. The State
16 Board of Education may adopt a schedule for the addition of the
17 assessment of those subjects at the required grade levels in
18 phases. This subsection expires August 31, 1995.

19 (g) The State Board of Education may adopt one appropriate,
20 nationally recognized, norm-referenced assessment instrument in
21 reading and mathematics to be administered uniformly in the spring.
22 If adopted, a norm-referenced assessment instrument must be a
23 secured test. The state may pay the costs of purchasing and
24 scoring the adopted assessment instrument and of distributing the
25 results of the adopted instrument to the school districts. A
26 district that administers the norm-referenced test adopted under

1 this section shall report the results to the Central Education
2 Agency in a manner prescribed by the commissioner of education.

3 (h) Not later than the 1994-1995 school year, the Central
4 Education Agency shall adopt end-of-course tests for grades nine
5 through 12 for subjects as defined by the commissioner of education
6 and the State Board of Education.

7 (i) The Central Education Agency shall notify school
8 districts and campuses of the results of assessment instruments
9 administered under this section at the earliest possible date
10 determined by the State Board of Education but not later than the
11 beginning of the subsequent school year.

12 (j) The provisions of this section are subject to
13 modification by rules adopted under Section 35.022 of this code.
14 Each assessment instrument adopted under those rules must be
15 reliable and valid and must meet federal requirements for
16 measurement of student progress.

17 Sec. 35.024. SATISFACTORY PERFORMANCE. (a) The State Board
18 of Education shall determine the level of performance considered to
19 be satisfactory on the assessment instruments.

20 (b) Each school district shall offer an intensive program of
21 instruction for students who did not perform satisfactorily on an
22 assessment instrument administered under this subchapter. The
23 intensive programs shall be designed to enable the students to be
24 performing at grade level at the conclusion of the next regular
25 school term.

26 (c) The Central Education Agency shall develop and

1 distribute study guides to assist parents in providing assistance
2 during the period that school is recessed for summer to students
3 who do not perform satisfactorily on one or more parts of an
4 assessment instrument administered under this subchapter. The
5 commissioner of education shall retain a portion of the total
6 amount of funds allotted under Section 16.152(a) of this code that
7 the commissioner considers appropriate to finance the development
8 and distribution of the study guides and shall reduce each
9 district's allotment proportionately.

10 Sec. 35.025. NOTATION OF PASSING EXIT-LEVEL INSTRUMENT;
11 ISSUANCE OF DIPLOMAS TO OTHER STUDENTS. (a) The diploma of a
12 student who has performed satisfactorily on all sections of the
13 secondary exit-level assessment instrument must contain a
14 statement, or have a statement affixed, that the student has
15 performed satisfactorily on that instrument.

16 (b) A school district shall issue a high school certificate
17 of completion to a student who has completed all requirements for
18 graduation but has not performed satisfactorily on all sections of
19 the secondary exit-level assessment instrument.

20 (c) Each time a school administers a secondary exit-level
21 assessment instrument, a student who received a certificate of
22 completion from that school under Subsection (b) of this section is
23 entitled to retake each section of the assessment instrument on
24 which the student has not performed satisfactorily. If the student
25 performs satisfactorily on each of those sections, the student
26 shall be issued a diploma as provided by Subsection (a) of this

1 section.

2 Sec. 35.026. LOCAL OPTION. In addition to the assessment
3 instruments adopted by the Central Education Agency and
4 administered by the State Board of Education, a local school
5 district may adopt and administer criterion-referenced or
6 norm-referenced assessment instruments, or both, at any grade
7 level. A norm-referenced assessment instrument adopted under this
8 section must be economical, nationally recognized, and
9 state-approved.

10 Sec. 35.027. EXEMPTION. (a) Any student who has a physical
11 or mental impairment or a learning disability that prevents the
12 student from mastering the competencies which the academic skills
13 assessment instruments are designed to measure may be exempted from
14 the requirements of this subchapter.

15 (b) The State Board of Education shall adopt rules under
16 which a district may determine if a student is eligible for an
17 exemption under this section. The Central Education Agency shall
18 closely monitor compliance with those rules.

19 (c) The State Board of Education shall adopt rules under
20 which a dyslexic student who is not exempt under this section may
21 utilize procedures including but not limited to oral examinations
22 where appropriate and the allowance of additional time and the
23 materials or technology necessary for the student to demonstrate
24 the student's mastery of the competencies the assessment
25 instruments are designed to measure.

26 Sec. 35.028. COMPARISON OF STATE RESULTS TO NATIONAL

1 RESULTS. The state assessment program shall obtain nationally
2 comparative results for the subject areas and grade levels for
3 which criterion-referenced assessment instruments are adopted under
4 Section 35.023 of this code.

5 Sec. 35.029. MIGRANT WORKERS. (a) The State Board of
6 Education by rule may provide alternate dates for the
7 administration of the assessments to a student whose parent or
8 guardian is a migrant worker and who travels with the parent or
9 guardian. The alternate dates may be chosen following a
10 consideration of migrant work patterns, and the dates selected may
11 afford maximum opportunity for the students to be present when the
12 assessment instruments are administered.

13 (b) In this section, "migrant worker" means an individual
14 who is employed in agricultural labor of a seasonal or temporary
15 nature and whose work requires the individual to be absent
16 overnight from the individual's residence.

17 Sec. 35.030. CONFIDENTIALITY; PERFORMANCE REPORTS. (a) In
18 adopting academic skills assessment instruments under this
19 subchapter, the State Board of Education or a local school district
20 shall ensure the security of the instruments and tests in their
21 preparation, administration, and grading. Meetings or portions of
22 meetings held by the State Board of Education or a local school
23 district at which individual assessment instruments or assessment
24 instrument items are discussed or adopted are not open to the
25 public under Chapter 271, Acts of the 60th Legislature, Regular
26 Session, 1967 (Article 6252-17, Vernon's Texas Civil Statutes), and

1 the assessment instruments or assessment instrument items are
2 confidential.

3 (b) The results of individual student performance on
4 academic skills assessment instruments administered under this
5 subchapter are confidential and may be made available only to the
6 student, the student's parent or guardian, the school personnel
7 directly involved with the student's educational program, and the
8 Central Education Agency as required by this subchapter. However,
9 overall student performance data shall be aggregated by grade
10 level, subject area, campus, and district and made available to the
11 public, with appropriate interpretations, at regularly scheduled
12 meetings of the governing board of each school district. The
13 information may not contain the names of individual students or
14 teachers. The commissioner of education shall compile all of the
15 data and report it to the legislature, lieutenant governor, and
16 governor no later than January 1 of each odd-numbered year.

17 (c) In compiling performance data under Subsection (b) of
18 this section, a district or the commissioner of education may
19 aggregate separately from the performance data of other students
20 the performance data of students enrolled in:

21 (1) a bilingual education or special language program
22 under Subchapter L, Chapter 21, of this code; or

23 (2) a special education program under Subchapter N,
24 Chapter 21, of this code.

25 Sec. 35.031. COST. The cost of preparing, administering, or
26 grading the assessment instruments shall be paid from the

1 compensatory aid provided by Section 16.152 of this code, and each
2 district shall bear the cost on the basis of the number of students
3 in the district to whom the instruments are administered. If a
4 district does not receive an allocation of compensatory aid, the
5 commissioner of education shall subtract the cost from the
6 district's other foundation school fund allocations.

7 Sec. 35.032. BIENNIAL REPORTS. The State Board of Education
8 shall biennially report to the legislature an evaluation of the
9 correlation between student grades and student performance on
10 assessment instruments administered under this subchapter. The
11 report may be included with other reports made as required by law.

12 Sec. 35.033. COMMITTEE ON STUDENT LEARNING. (a) The State
13 Board of Education may not adopt rules under Section 35.021 or
14 35.022 of this code until it has received and considered the
15 recommendations of the Texas committee on student learning
16 established under this section.

17 (b)(1) The Texas committee on student learning is composed
18 of:

19 (A) four persons appointed by the governor of
20 whom one must be an elementary school teacher, one must be a
21 secondary school teacher, and one must be a campus-level or
22 district-level administrator;

23 (B) four persons appointed by the lieutenant
24 governor of whom one must be an elementary school teacher, one must
25 be a secondary school teacher, and one must be a campus-level or
26 district-level administrator;

1 (C) four persons appointed by the speaker of the
2 house of representatives of whom one must be an elementary school
3 teacher, one must be a secondary school teacher, and one must be a
4 campus-level or district-level administrator;

5 (D) the commissioner of education;

6 (E) the commissioner of higher education;

7 (F) the chairman of the State Board of
8 Education; and

9 (G) a representative of the teacher education
10 programs at public institutions of higher education in the state,
11 appointed by the deans of the colleges of education at those
12 institutions.

13 (2) The makeup of the committee as a whole shall
14 fairly represent the ethnic, racial, and gender balance of the
15 state.

16 (c) Members of the committee serve two-year terms and may be
17 reappointed to office.

18 (d) The governor, lieutenant governor, and the speaker of
19 the house of representatives shall solicit names of persons
20 recommended for consideration for appointment to the committee from
21 statewide organizations representing persons from each of the
22 following categories:

23 (1) classroom teachers;

24 (2) principals;

25 (3) superintendents;

26 (4) school board members;

1 (5) business leaders; and

2 (6) parents of public school students.

3 (e) The Texas Higher Education Coordinating Board shall
4 coordinate the process of selecting the person appointed to the
5 committee by the deans of the colleges of education at the public
6 institutions of higher education in the state.

7 (f) The governor shall designate the chairman of the
8 committee.

9 (g) At each regular meeting of the Legislative Education
10 Board the committee shall report to the board its progress
11 regarding:

12 (1) the essential knowledge and skills identified by
13 the committee for elementary and secondary students, including at a
14 minimum knowledge and skills in the areas of reading, writing,
15 speaking, mathematics, and critical thinking;

16 (2) a statewide assessment program developed by the
17 committee for elementary students that is primarily
18 performance-based, that uses a variety of assessment methodologies
19 to determine if students have mastered the essential knowledge and
20 skills, and that is designed to assess students in at least two
21 elementary grade levels;

22 (3) a statewide assessment program developed by the
23 committee for secondary students that is primarily
24 performance-based, that uses a variety of assessment methodologies
25 to determine if students have mastered the essential knowledge and
26 skills, and that provides criteria for a certificate of initial

1 mastery;

2 (4) recommendations for appropriate uses by public
3 schools and school districts of the results of the statewide
4 assessment programs; and

5 (5) recommendations for accurate and fair indicators
6 to measure the level of student learning in public schools and
7 school districts and measures that would assist public schools and
8 school districts in which student learning is below expected levels
9 of performance.

10 (h) The committee shall establish technical advisory
11 committees to assist the committee in the performance of its
12 duties. To the extent possible, the technical advisory committees
13 shall be composed of professionals in the field of education at the
14 state and local levels.

15 (i) The committee shall seek advice from the public and all
16 interested educational organizations.

17 Sec. 35.034. ASSESSMENT INSTRUMENT STANDARDS; CIVIL PENALTY.

18 (a) A company or organization may not distribute to, sell to, or
19 grade for the same school district the same form of an assessment
20 instrument for more than three school years. A school district may
21 not use the same form of an assessment instrument for more than
22 three years.

23 (b) A company or organization that grades an assessment
24 instrument shall report the results to the district and to the
25 Central Education Agency by campus and district and in comparison
26 to state and national averages, unless the agency requests a report

1 of the results in another form.

2 (c) State and national norms of averages shall be calculated
3 using data that are not more than two years old at the time the
4 assessment instrument is administered and that are representative
5 of the group of students to whom the assessment instrument is
6 administered. The standardization norms shall be based on a
7 national probability sample that meets accepted standards for
8 educational and psychological testing and shall be updated at least
9 every two years using proven psychometric procedures approved by
10 the State Board of Education.

11 (d) A company or organization that reports results using
12 national norms that are not calculated in compliance with
13 Subsection (c) of this section is liable to the state in an amount
14 equal to three times the amount of actual damages. The actual
15 damages are presumed to be at least equal to the amount charged by
16 the company or organization to a school district for the assessment
17 instrument, including any charge for grading the assessment
18 instrument. The attorney general, a district attorney, or a county
19 attorney may bring suit to collect the damages on the request of
20 the State Board of Education or on the request of a student or a
21 parent or guardian of a student to whom the assessment instrument
22 was administered.

23 (e) The State Board of Education shall adopt rules for the
24 implementation of this section and for the maintenance of the
25 security of the contents of all assessment instruments.

26 (f) In this section, "assessment instrument" means a

1 group-administered achievement test.

2 SUBCHAPTER C. PERFORMANCE INDICATORS

3 Sec. 35.041. ACADEMIC EXCELLENCE INDICATORS. (a) The State
4 Board of Education, on the advice of the Texas committee on student
5 learning and the Legislative Education Board, shall adopt a set of
6 indicators of the quality of learning on a campus. The State Board
7 of Education biennially shall review the indicators for the
8 consideration of appropriate revisions.

9 (b) Performance on the indicators adopted under this section
10 shall be compared to state-established standards. The degree of
11 change from one school year to the next in performance on each
12 indicator adopted under this section shall also be considered. The
13 indicators must be based on information that is disaggregated with
14 respect to race, ethnicity, gender, and socioeconomic status and
15 must include:

16 (1) the results of assessment instruments required
17 under Subchapter B of this chapter aggregated by grade level and
18 subject area;

19 (2) dropout rates;

20 (3) student attendance rates;

21 (4) high school end-of-course examinations adopted by
22 the State Board of Education;

23 (5) the percentage of graduating students who attain
24 scores on the secondary exit-level assessment instruments required
25 under Subchapter B of this chapter that are equivalent to a passing
26 score on the test instrument required under Section 51.306 of this

1 code;

2 (6) the percentage of graduating students who meet the
3 course requirements established by the State Board of Education for
4 career or college preparation program designations when available;

5 (7) the results of the Scholastic Assessment Test and
6 the American College Test; and

7 (8) any other indicator the State Board of Education
8 adopts.

9 (c) Performance on the indicator under Subsection (b)(1) of
10 this section shall be compared to state standards, required
11 improvement, and comparable improvement. The state standard shall
12 be established by the commissioner of education. Required
13 improvement is defined as the progress necessary for the campus or
14 district to meet state standards and for its students to meet exit
15 requirements as defined by the commissioner of education.
16 Comparable improvement is derived by measuring campuses and
17 districts against a profile developed from a total state student
18 performance data base which exhibits substantial equivalence to the
19 characteristics of students served by the campus or district,
20 including but not limited to past academic performance,
21 socioeconomic status, ethnicity, and limited English proficiency.

22 (d) The State Board of Education shall report the status of
23 education in the state as reflected by the indicators to the
24 legislature not later than February 1 of each odd-numbered year.

25 (e) Annually, the commissioner of education shall define
26 exemplary, recognized, and unacceptable performance for each

1 academic excellence indicator included under Subsections (b)(1)
2 through (6) of this section and shall project the standards for
3 each of those levels of performance for succeeding years.

4 Sec. 35.042. PERFORMANCE REPORT. (a) Each board of
5 trustees shall publish an annual report describing the educational
6 performance of the district and of each campus in the district that
7 includes uniform student performance and descriptive information as
8 determined under rules adopted by the commissioner of education.
9 The annual report must also include campus performance objectives
10 established under Section 21.7532 of this code and the progress of
11 each campus toward those objectives, which shall be available to
12 the public. The annual report must also include the performance
13 rating for the district as provided under Section 35.602(a) of this
14 code and the performance rating of each campus in the district as
15 provided under Section 35.602(c) of this code. Supplemental
16 information to be included in the reports shall be determined by
17 the local board of trustees. Performance information in the annual
18 reports on the indicators established under Section 35.041 of this
19 code and descriptive information required by this section shall be
20 provided by the Central Education Agency.

21 (b) The board of trustees shall hold a hearing for public
22 discussion of the report. The board of trustees shall notify
23 property owners and parents in the district of the hearing. The
24 board of trustees may combine the notice with the notice of a
25 public hearing on a proposed tax increase required under Section
26 26.06, Tax Code. After the hearing the report shall be widely

1 disseminated within the district in a manner to be determined under
2 rules adopted by the commissioner of education.

3 (c) The report must also include a comparison provided by
4 the Central Education Agency of:

5 (1) the performance of each campus to its previous
6 performance and to state-established standards;

7 (2) the performance of each district to its previous
8 performance and to state-established standards; and

9 (3) the performance of each campus or district to
10 comparable improvement.

11 (d) The report may include the following information:

12 (1) student information, including total enrollment,
13 enrollment by ethnicity, economic status, and grade groupings and
14 retention rates;

15 (2) financial information, including revenues and
16 expenditures;

17 (3) staff information, including number and type of
18 staff by sex, ethnicity, years of experience, and highest degree
19 held, teacher and administrator salaries, and teacher turnover; and

20 (4) program information, including student enrollment
21 by program, teachers by program, and instructional operating
22 expenditures by program.

23 (e) The State Board of Education by rule shall authorize the
24 combination of this report with other reports and financial
25 statements and shall restrict the number and length of reports that
26 school districts, school district employees, and school campuses

1 are required to prepare.

2 Sec. 35.043. USES OF PERFORMANCE REPORT. The information
3 required to be reported under Section 35.042 of this code shall be:

4 (1) the subject of public hearings or meetings
5 required under Sections 21.930, 21.931, and 35.042 of this code;

6 (2) a primary consideration in district and campus
7 planning; and

8 (3) a primary consideration of:

9 (A) the State Board of Education in the
10 evaluation of the performance of the commissioner of education;

11 (B) the commissioner of education in the
12 evaluation of the performance of the directors of the regional
13 education service centers;

14 (C) the board of trustees of a school district
15 in the evaluation of the performance of the superintendent of the
16 district; and

17 (D) the board of trustees of a school district
18 and the superintendent in the evaluation of the performance of the
19 district's campus principals.

20 SUBCHAPTER D. ACCREDITATION STATUS

21 Sec. 35.061. ACCREDITATION REQUIRED. Each school district
22 must be accredited by the Central Education Agency.

23 Sec. 35.062. ACCREDITATION STANDARDS. (a) The State Board
24 of Education shall adopt rules for the accreditation of school
25 districts. The rules shall include criteria to evaluate the
26 performance of school districts and to assign to districts that are

1 accredited and that have a performance in one of the categories
2 described below an additional performance rating as follows:

3 (1) exemplary (meets or exceeds state exemplary
4 standards);

5 (2) recognized (meets or exceeds required improvement
6 and within 10 percent of state exemplary standards); or

7 (3) accredited warned (below the state clearly
8 unacceptable performance standard and does not meet required
9 improvement).

10 (b) The academic excellence indicators adopted under Section
11 35.041(b)(1) through (6) of this code shall be the main
12 consideration of the Central Education Agency in the rating of the
13 district under this section. Additional criteria in the
14 accreditation rules may include consideration of:

15 (1) goals and objectives of the district;

16 (2) compliance with statutory requirements and
17 requirements imposed by rule of the State Board of Education under
18 statutory authority;

19 (3) the relation between the academic excellence
20 indicators adopted by the State Board of Education under Section
21 35.041 of this code and the campus performance objectives
22 established under Section 21.7532 of this code, including the
23 manner in which the campus performance objectives were established
24 and the progress of the campus in meeting the objectives;

25 (4) the quality of learning on each of the district's
26 campuses based on indicators including scores on achievement tests;

1 (5) the quality of the district's appraisal of teacher
2 performance and of administrator performance;

3 (6) the effectiveness of the district's principals as
4 instructional leaders;

5 (7) the effectiveness of the district's campuses on
6 the basis of the most current criteria identified by research on
7 effective schools;

8 (8) the fulfillment of curriculum requirements;

9 (9) the effectiveness of the district's programs in
10 special education based on the Central Education Agency's most
11 recent compliance review of the district and programs for special
12 populations;

13 (10) the effectiveness of district and campus staff
14 development programs;

15 (11) the effective use of technology to enhance
16 student achievement;

17 (12) the effectiveness of the district's remedial and
18 support programs under Section 21.557 of this code for students at
19 risk of dropping out of school;

20 (13) the effectiveness of the district's dropout
21 prevention and recovery programs;

22 (14) efficient allocation of available resources;

23 (15) the presence and quality of comprehensive and
24 developmental guidance and counseling programs on campuses;

25 (16) the quality and effectiveness of the district's
26 vocational education program; and

1 (17) the effectiveness of the board of trustees in
2 governing the district.

3 (c) The Central Education Agency shall evaluate against
4 state standards and shall report the performance of each campus in
5 a district on the basis of the campus's performance on the
6 indicators adopted under Section 35.041(b)(1) through (6) of this
7 code.

8 Sec. 35.063. DETERMINING ACCREDITATION STATUS. (a) The
9 Central Education Agency shall annually review the performance of
10 each district and campus on the indicators adopted under Section
11 35.041(b)(1) through (6) of this code and determine if a change in
12 the accreditation status of the district is warranted.

13 (b) Each annual review shall include an analysis of the
14 indicators under Section 35.041(b)(1) through (6) of this code to
15 determine district and campus performance in relation to:

- 16 (1) standards established for each indicator;
17 (2) required improvement as defined under Section
18 35.041(c) of this code; and
19 (3) comparable improvement as defined by Section
20 35.041(c) of this code.

21 (c) A district's accreditation rating may be raised or
22 lowered based on the district's performance or may be lowered based
23 on the unacceptable performance of one or more campuses in the
24 district.

25 (d) In compliance with Section 21.925 of this code, the
26 State Board of Education shall make optimum use of the agency's

1 public education information management system to minimize the
2 written reporting requirements of school districts.

3 (e) Beginning not later than the 1993-1994 school year, the
4 commissioner of education shall notify a district that is rated
5 accredited warned and the performance of the district or a campus
6 in the district is below each standard under Subsection (b) of this
7 section and shall require the district to notify property owners
8 and parents in the district of the lowered accreditation rating and
9 its implication.

10 Sec. 35.064. ON-SITE INVESTIGATIONS. (a) The commissioner
11 of education may direct the Central Education Agency to conduct
12 on-site investigations at any time and may raise or lower the
13 accreditation rating as a result of the investigation.

14 (b) The commissioner of education shall determine the
15 frequency of on-site investigations by the Central Education Agency
16 according to annual comprehensive analyses of student performance
17 and equity in relation to the academic excellence indicators
18 adopted under Section 35.041 of this code.

19 (c) In making an on-site accreditation investigation, the
20 investigators shall obtain information from administrators,
21 teachers, and parents of students enrolled in the district. The
22 investigation may not be closed until information is obtained from
23 each of those sources. The State Board of Education shall adopt
24 rules for:

25 (1) obtaining information from parents and using that
26 information in the investigator's report; and

1 (2) obtaining information from teachers in a manner
2 that prevents a campus or district from screening the information.

3 (d) The Central Education Agency shall give written notice
4 to the superintendent and the board of trustees of any impending
5 investigation of the district's accreditation.

6 (e) If an annual review indicates low performance on one or
7 more of the indicators under Section 35.041(b)(1) through (6) of
8 this code of one or more campuses in a district, the Central
9 Education Agency may conduct an on-site evaluation of those
10 campuses only.

11 (f) The investigators shall report orally and in writing to
12 the board of trustees of the district and, as appropriate, to
13 campus administrators and shall make recommendations concerning any
14 necessary improvements or sources of aid such as regional education
15 service centers.

16 Sec. 35.065. SPECIAL ACCREDITATION INVESTIGATIONS. (a) The
17 commissioner of education shall authorize special accreditation
18 investigations to be conducted under the following circumstances:

19 (1) when excessive numbers of absences of students
20 eligible to be tested on state assessment instruments are
21 determined;

22 (2) when excessive numbers of allowable exemptions
23 from the required state assessment are determined;

24 (3) in response to complaints submitted to the Central
25 Education Agency with respect to any of the following:

26 (A) alleged violations of civil rights or other

1 requirements imposed on the state by federal law or court order; or
2 (B) alleged violations of the accreditation
3 criteria related to effective governance operations; or

4 (4) in response to established compliance reviews of
5 the district's financial accounting practices and state and federal
6 program requirements.

7 (b) Based on the results of a special accreditation
8 investigation, the commissioner of education may lower the
9 district's accreditation rating and may take appropriate action
10 under Subchapter G of this chapter.

11 Sec. 35.066. AGENCY ASSISTANCE. The Central Education
12 Agency shall provide assistance to districts which have been found
13 to have difficulty meeting accreditation standards.

14 SUBCHAPTER E. SUCCESSFUL SCHOOLS AWARDS

15 Sec. 35.081. CREATION OF SYSTEM. The Texas Successful
16 Schools Awards System is created to recognize and reward those
17 schools and school districts that demonstrate progress or success
18 in achieving the education goals of the state.

19 Sec. 35.082. TYPES OF AWARDS. (a) The governor may present
20 a financial award to the schools or districts that the commissioner
21 of education determines have demonstrated the highest levels of
22 sustained success or the greatest improvement in achieving the
23 education goals. For each student in average daily attendance,
24 each of those schools or districts is entitled to an amount set for
25 the award for which the school or district is selected by the
26 commissioner of education, subject to any limitation set by the

1 commissioner on the total amount that may be awarded to a school or
2 district.

3 (b) The governor may present proclamations or certificates
4 to additional schools and districts determined to have met or
5 exceeded the education goals.

6 (c) The commissioner of education may establish additional
7 categories of awards and award amounts for a school or district
8 determined to be successful under Subsection (a) or (b) of this
9 section that are contingent on the school's or district's
10 involvement with paired, lower-performing schools.

11 Sec. 35.083. ADVISORY COMMITTEE. (a) The commissioner of
12 education shall appoint an impartial committee to make
13 recommendations for the criteria and the recipients of the Texas
14 Successful Schools Awards.

15 (b) The committee must include parents, members of the
16 general public, and persons from the fields of public education,
17 higher education, and business.

18 (c) The committee shall consist of not fewer than five nor
19 more than 10 members who shall serve terms of two years.

20 Sec. 35.084. AWARDS. (a) The criteria which the
21 commissioner of education shall use to select successful schools
22 and districts shall be related to the goals in Section 35.001 of
23 this code and shall include consideration of performance on the
24 academic excellence indicators adopted under Section 35.041 of this
25 code. For purposes of selecting schools and districts under
26 Section 35.082(a) of this code, each school's performance shall be

1 compared to state standards and to its previous performance.

2 (b) The commissioner of education shall select annually
3 schools and districts qualified to receive successful school awards
4 for their performance and report the selections to the governor and
5 the State Board of Education.

6 (c) The Central Education Agency shall notify each school
7 district of the manner in which the district or a school in the
8 district may qualify for a successful school award.

9 Sec. 35.085. USE OF AWARDS. (a) In determining the use of
10 a monetary award received under this subchapter, a school or
11 district shall give priority to academic enhancement purposes. The
12 award may not be used for any purpose related to athletics, and it
13 may not be used to substitute for or replace funds already in the
14 regular budget for a school or district.

15 (b) The school committee established under Section 21.931 of
16 this code shall determine the use of the funds awarded to a school
17 under this subchapter. The professional staff, as that term is
18 used in Section 21.930 of this code, shall determine the use of the
19 funds awarded to the school district under this subchapter.

20 Sec. 35.086. FUNDING. The award system may be funded by
21 donations, grants, or legislative appropriations. The commissioner
22 of education may solicit and receive grants and donations for the
23 purpose of making awards under this subchapter. A small portion of
24 the award funds may be used by the commissioner of education to pay
25 for the costs associated with sponsoring a ceremony to recognize or
26 present awards to schools or districts under this subchapter. The

1 donations, grants, or legislative appropriations shall be accounted
2 for and distributed by the Central Education Agency. The awards
3 are subject to audit requirements established by the State Board of
4 Education.

5 Sec. 35.087. CONFIDENTIALITY. All information and reports
6 received by the commissioner of education under this subchapter
7 from schools or school districts deemed confidential under the open
8 records law, Chapter 424, Acts of the 63rd Legislature, Regular
9 Session, 1973 (Article 6252-17a, Vernon's Texas Civil Statutes),
10 are confidential and may not be disclosed in any public or private
11 proceeding.

12 SUBCHAPTER F. ADDITIONAL REWARDS

13 Sec. 35.101. RECOGNITION AND REWARDS. The State Board of
14 Education shall develop a plan for recognizing and rewarding school
15 districts and campuses that are rated as exemplary or recognized
16 and for developing a network for sharing proven successful
17 practices statewide and regionally.

18 Sec. 35.102. EXCELLENCE EXEMPTIONS. (a) Except as provided
19 by Subsection (b) of this section, a school campus or district that
20 is rated exemplary is exempt from requirements and prohibitions
21 imposed under this code including rules adopted under this code.

22 (b) A school campus or district is not exempt under this
23 section from a prohibition on conduct that constitutes a criminal
24 offense. A school campus or district is not exempt under this
25 section from requirements imposed by federal law or rule including
26 requirements for special education or bilingual education programs.

1 Except as provided by Subsection (d) of this section, a school
2 campus or district is not exempt under this section from a
3 requirement or prohibition imposed by state law or rule relating
4 to:

5 (1) curriculum essential elements, excluding the
6 methodology used by a teacher and the time spent by a teacher or a
7 student on a particular task or subject;

8 (2) restrictions on extracurricular activities;

9 (3) health and safety;

10 (4) competitive bidding;

11 (5) textbook selection;

12 (6) elementary school class size limits;

13 (7) removal of a disruptive student from the
14 classroom;

15 (8) suspension or expulsion of a student;

16 (9) at-risk programs;

17 (10) prekindergarten programs;

18 (11) minimum graduation requirements; or

19 (12) educational employee and educational support
20 employee rights and benefits. In this section, "educational
21 support employee" means a full-time or part-time school employee
22 not defined as a "teacher" by Section 21.201(1) of this code.

23 (c) The Central Education Agency shall monitor and evaluate
24 deregulation of a school campus or district under this section and
25 Section 11.273 of this code and report annually on the effect of
26 deregulation on student achievement to the State Board of

1 Education, the Legislative Education Board, the governor, the
2 lieutenant governor, the speaker of the house of representatives,
3 and the legislature. The report must include a list of the
4 exemptions utilized and a review of the effectiveness of the
5 waivers and exemptions programs.

6 (d) The commissioner of education may exempt an exemplary
7 school campus from elementary class size limits under this section
8 if the school campus submits to the commissioner a written plan
9 showing steps that will be taken to ensure that the exemption from
10 the class size limits will not be harmful to the academic
11 achievement of the students on the school campus. The commissioner
12 shall review achievement levels annually. The exemption remains in
13 effect until the commissioner determines that achievement levels of
14 the campus have declined.

15 SUBCHAPTER G. ACCREDITATION SANCTIONS

16 Sec. 35.121. SANCTIONS. (a) If a district does not satisfy
17 the accreditation criteria, the commissioner of education shall
18 take any of the following actions, listed in order of severity, to
19 the extent the commissioner determines necessary:

20 (1) issue public notice of the deficiency to the board
21 of trustees;

22 (2) order a hearing conducted by the board of trustees
23 of the district for the purpose of notifying the public of the
24 unacceptable performance, the improvements in performance expected
25 by the Central Education Agency, and the sanctions that may be
26 imposed under this section if the performance does not improve;

1 (3) order the preparation of a student achievement
2 improvement plan that addresses each academic excellence indicator
3 for which the district's performance is unacceptable, the
4 submission of the plan to the commissioner of education for
5 approval, and implementation of the plan;

6 (4) order a hearing to be held before the commissioner
7 of education or the commissioner's designee at which the president
8 of the board of trustees of the district and the superintendent
9 shall appear and explain the district's low performance, lack of
10 improvement, and plans for improvement;

11 (5) arrange an on-site investigation of the district;

12 (6) appoint an agency monitor to participate in and
13 report to the agency on the activities of the board of trustees or
14 the superintendent;

15 (7) appoint a master to oversee the operations of the
16 district;

17 (8) appoint a management team to direct the operations
18 of the district in areas of unacceptable performance;

19 (9) if a district has been rated as accredited warned
20 for a period of one year or more, appoint a board of managers
21 composed of residents of the district to exercise the powers and
22 duties of the board of trustees; or

23 (10) if a district has been rated as accredited warned
24 for a period of two years or more, annex the district to one or
25 more adjoining districts under Section 19.027 of this code.

26 (b) If a campus performance is below any standard under

1 Section 35.063(b) of this code, the campus is considered a
2 low-performing campus and the commissioner of education may take
3 any of the following actions, listed in order of severity, to the
4 extent the commissioner determines necessary:

5 (1) issue public notice of the deficiency to the board
6 of trustees;

7 (2) order a hearing conducted by the board of trustees
8 at the campus for the purpose of notifying the public of the
9 unacceptable performance, the improvements in performance expected
10 by the Central Education Agency, and the sanctions that may be
11 imposed under this section if the performance does not improve
12 within a designated period of time and of soliciting public comment
13 on the initial steps being taken to improve performance;

14 (3) order the preparation of a student achievement
15 improvement plan that addresses each academic excellence indicator
16 for which the campus's performance is unacceptable, the submission
17 of the plan to the commissioner of education for approval, and
18 implementation of the plan;

19 (4) order a hearing to be held before the commissioner
20 of education or the commissioner's designee at which the president
21 of the board of trustees, the superintendent, and the campus
22 principal shall appear and explain the campus's low performance,
23 lack of improvement, and plans for improvement;

24 (5) appoint a special campus intervention team to:

25 (A) conduct a comprehensive on-site evaluation
26 of each low-performing campus to determine the cause for the

1 campus's low performance and lack of progress;

2 (B) recommend actions, including reallocation of
3 resources and technical assistance, changes in school procedures or
4 operations, staff development for instructional and administrative
5 staff, intervention for individual administrators or teachers,
6 waivers from state statute or rule, or other actions the team
7 considers appropriate;

8 (C) assist in the development of a campus plan
9 for student achievement; and

10 (D) assist the commissioner of education in
11 monitoring the progress of the campus in implementing the campus
12 plan for improvement of student achievement;

13 (6) if a campus has been a low-performing campus for a
14 period of one year or more, appoint a board of managers composed of
15 residents of the district to exercise the powers and duties of the
16 board of trustees of the district in relation to the campus; or

17 (7) if a campus has been a low-performing campus for a
18 period of two years or more, order closure of the school program on
19 the campus.

20 (c) The commissioner of education shall review annually the
21 performance of a district or campus subject to this section to
22 determine the appropriate actions to be implemented under this
23 section. The commissioner must review at least annually the
24 performance of a district for which the accreditation rating has
25 been lowered due to unacceptable student performance and may not
26 raise the rating until the district has demonstrated improved

1 student performance. If the review reveals a lack of improvement,
2 the commissioner shall increase the level of state intervention and
3 sanction unless the commissioner finds good cause for maintaining
4 the current status. At the beginning of the 1993-1994 school year,
5 the Central Education Agency shall rate any district with clearly
6 unacceptable performance as accredited warned and the commissioner
7 of education shall begin appropriate intervention in the district.
8 The commissioner of education shall report annually to the
9 governor, lieutenant governor, and the speaker of the house of
10 representatives on districts or campuses subject to this section
11 the actions taken by the commissioner to improve student
12 performance and the results of those actions.

13 (d) The costs of providing a monitor, master, management
14 team, or special campus intervention team shall be paid by the
15 district.

16 (e) A master or management team appointed to oversee the
17 operations of the district shall prepare a plan for the
18 implementation of action under Subsection (a)(9) or (10) of this
19 section and may:

20 (1) direct an action to be taken by the principal of a
21 campus, the superintendent of the district, or the board of
22 trustees of the district; or

23 (2) approve or disapprove any action of the principal
24 of a campus, the superintendent of the district, or the board of
25 trustees of the district.

26 (f) A special campus intervention team appointed under this

1 section may consist of teachers, principals, other educational
2 professionals, and superintendents recognized for excellence in
3 their roles and appointed by the commissioner of education to serve
4 as members of a team.

5 (g) If the commissioner of education appoints a board of
6 managers to govern a district, the powers of the board of trustees
7 of the district are suspended for the period of the appointment and
8 the commissioner shall appoint a district superintendent.
9 Notwithstanding any other provision of this code, the board of
10 managers may amend the budget of the district.

11 (h) If the commissioner of education appoints a board of
12 managers to govern a campus, the powers of the board of trustees of
13 the district in relation to the campus are suspended for the period
14 of the appointment and the commissioner shall appoint a campus
15 principal. Notwithstanding any other provision of this code, the
16 board of managers may submit to the commissioner for approval
17 amendments to the budget of the district for the benefit of the
18 campus. If the commissioner approves the amendments, the board of
19 trustees of the district shall adopt the amendments.

20 SECTION ____ . Section 11.011, Education Code, is amended to
21 read as follows:

22 Sec. 11.011. SUNSET PROVISION. The Central Education Agency
23 is subject to Chapter 325, Government Code (Texas Sunset Act).
24 Unless continued in existence as provided by that chapter, the
25 agency is abolished September 1, 1995 [2003].

26 SECTION ____ . Section 11.273, Education Code, is amended by

1 amending Subsection (e) and adding Subsection (h) to read as
2 follows:

3 (e) A school campus or district may not receive an exemption
4 or waiver under this section from requirements imposed by federal
5 law or rule, including requirements for special education or
6 bilingual education programs. Except as provided by Subsection (h)
7 of this section, a [A] school campus or district may not receive an
8 exemption or waiver under this section from a requirement or
9 prohibition imposed by state law or rule relating to:

10 (1) curriculum essential elements, excluding the
11 methodology used by a teacher and the time spent by a teacher or a
12 student on a particular task or subject;

13 (2) restrictions on extracurricular activities;

14 (3) health and safety;

15 (4) competitive bidding;

16 (5) elementary school class size limits;

17 (6) minimum graduation requirements;

18 (7) removal of a disruptive student from the
19 classroom;

20 (8) suspension or expulsion of a student;

21 (9) at risk programs;

22 (10) prekindergarten programs;

23 (11) educational employee and educational support
24 employee rights and benefits. In this section, "educational
25 support employee" means a full-time or part-time school employee
26 not defined as a "teacher" by Section 21.201(1) of this code; or

1 (12) special education or bilingual education
2 programs.

3 (h) The commissioner of education may grant to a school
4 district or campus that is required to develop and implement a
5 student achievement improvement plan under Section 35.121 of this
6 code an exemption or waiver from any law or rule other than a
7 prohibition on conduct that constitutes a criminal offense or a
8 requirement imposed by federal law or rule. A school campus or
9 district may not receive an exemption or waiver under this section
10 from a requirement or prohibition imposed by state law or rule
11 relating to educational employee and educational support employee
12 rights and benefits. In this section, "educational support
13 employee" means a full-time or part-time school employee not
14 defined as a "teacher" by Section 21.201(1) of this code.

15 SECTION ____ . Section 11.62, Education Code, is amended to read
16 as follows:

17 Sec. 11.62. ORGANIZATION AND REGULATIONS. (a) The State
18 Department of Education shall be organized into divisions and
19 subdivisions established by the commissioner of education [~~subject~~
20 ~~to-the-approval-of-the-State-Board-of-Education~~].

21 (b) Directors of the major divisions of the State Department
22 of Education, and all of its other employees, shall be appointed by
23 the commissioner of education [~~pursuant--to--general--rules-and~~
24 ~~regulations-adopted-by-the-State-Board-of-Education~~].

25 (c) The rules and regulations pertaining to personnel
26 administration shall include a comprehensive classification plan,

1 including an appropriate title for each position, a description of
2 duties and responsibilities, and the minimum requirements of
3 training, experience, and other qualifications essential for
4 adequate performance of the work. These rules and regulations
5 shall likewise provide [~~tenure-safeguards~~7] leave and retirement
6 provisions[7] and establish hearing procedures.

7 SECTION ____ . Section 13.351, Education Code, is amended by
8 adding Subsection (c) to read as follows:

9 (c) The duties of the superintendent include:

10 (1) assuming administrative responsibility and
11 leadership for the planning, operation, supervision, and evaluation
12 of the education programs, services, and facilities of the district
13 and for the annual performance appraisal of the district's staff;

14 (2) assuming administrative authority and
15 responsibility for the assignment and evaluation of all personnel
16 of the district other than the superintendent and making
17 recommendations regarding the selection, promotion, and dismissal
18 of such personnel, except as provided by Section 13.352 of this
19 code;

20 (3) managing the day-to-day operations of the district
21 as its chief executive officer;

22 (4) as directed by local board policy, causing to be
23 prepared a budget covering all estimated revenue and proposed
24 expenditures of the district for the next succeeding fiscal year,
25 according to generally accepted accounting principles, rules
26 adopted by the State Board of Education, and adopted policies of

1 the board of trustees;

2 (5) preparing recommendations for policies to be
3 adopted by the board of trustees and overseeing the implementation
4 of adopted policies;

5 (6) developing or causing to be developed appropriate
6 administrative regulations to implement policies established by the
7 board of trustees;

8 (7) providing leadership for the attainment of student
9 performance in the district based on the indicators adopted under
10 Section 35.041 of this code and other indicators as may be adopted
11 by the State Board of Education or the district's board of
12 trustees; and

13 (8) performing any other duties assigned by action of
14 the board of trustees.

15 SECTION ____ Subsections (a), (b), and (d), Section 19.027,
16 Education Code, are amended to read as follows:

17 (a) The commissioner of education by order may annex to one
18 or more adjoining districts a school district that has been rated
19 as accredited warned [~~academically-unaccredited~~] for a period of
20 two years.

21 (b) The governing board of a district to which territory of
22 an accredited warned [~~academically--unaccredited~~] district is
23 annexed is the governing board for the new district.

24 (d) Title to the real property of the accredited warned
25 [~~academically-unaccredited~~] district vests in the district to which
26 the property is annexed. Each district to which territory is

1 annexed assumes and is liable for any portion of the accredited
2 warned [~~academically-unaccredited~~] district's indebtedness that is
3 allocated to the receiving district under Section 19.004 of this
4 code.

5 SECTION____. Subsection (f), Section 21.557, Education Code,
6 is amended to read as follows:

7 (f) For the purposes of this section, "student at risk of
8 dropping out of school" includes:

9 (1) each student in grade levels seven through 12 who
10 is under 21 years of age and who:

11 (A) was not advanced from one grade level to the
12 next two or more school years;

13 (B) has mathematics or reading skills that are
14 two or more years below grade level;

15 (C) did not maintain an average equivalent to 70
16 on a scale of 100 in two or more courses during a semester, or is
17 not maintaining such an average in two or more courses in the
18 current semester, and is not expected to graduate within four years
19 of the date the student begins ninth grade; or

20 (D) did not perform satisfactorily on an
21 assessment instrument administered under Subchapter B, Chapter 35,
22 of this code [~~this-subchapter-in-the--seventh,--ninth,--or--twelfth~~
23 ~~grade~~];

24 (2) each student in prekindergarten through grade
25 level six who:

26 (A) did not perform satisfactorily on a

1 readiness test or assessment instrument administered at the
2 beginning of the school year;

3 (B) did not perform satisfactorily on an
4 assessment instrument administered under Subchapter B, Chapter 35,
5 of this code [this-subchapter-in-the-third-or-fifth-grade];

6 (C) is a student of limited English proficiency,
7 as defined by Section 21.452 of this code;

8 (D) is sexually, physically, or psychologically
9 abused;

10 (E) engages in conduct described by Section
11 51.03(a), Family Code; or

12 (F) is otherwise identified as at risk under
13 rules adopted by the State Board of Education; and

14 (3) each nonhandicapped student who resides in a
15 residential placement facility in a district in which the student's
16 parent or legal guardian does not reside, including a detention
17 facility, substance abuse treatment facility, emergency shelter,
18 psychiatric hospital, halfway house, or foster family group home.

19 SECTION __. Section 21.930, Education Code, is amended by
20 adding Subsection (h) to read as follows:

21 (h) The professional staff elected under this section shall
22 hold at least one public meeting per year. The required meeting
23 shall be held after receipt of the annual district performance
24 report from the Central Education Agency for the purpose of
25 discussing the performance of the district and the district
26 performance objectives.

SECTION _____. Section 21.931, Education Code, is amended by adding Subsection (g) to read as follows:

(g) Each school committee shall hold at least one public meeting per year. The required meeting shall be held after receipt of the annual campus rating from the Central Education Agency for the purpose of discussing the performance of the campus and the campus performance objectives.

SECTION _____. Subsection (a), Section 23.33, Education Code, is amended to read as follows:

(a) The State Board of Education shall adopt statewide standards for the duties of a school board member as criteria for board member training [~~appoint--an-advisory-committee-to-develop statewide-standards-on-the-duties-of-a-school-board-member---The committee-shall-consist-of-at-least-15-persons-knowledgeable-in-the management--of--the--public--schools-of-the-state,--and-no-less-than five--members--of--the--committee--shall--consist--of---individuals currently-serving-as-locally-elected-school-board-members~~].

SECTION _____. The Educational Economic Policy Center, established under Section 34.051, Education Code, shall monitor and evaluate the implementation of the accountability system set forth in this Act and provide annual progress reports to the governor, the Legislative Education Board, and the commissioner of education.

SECTION _____. (a) The Select Committee to Conduct a Comprehensive Review of the Central Education Agency and efficient use of educational resources in the state is established.

(b) The committee is composed of:

1 (1) the chairs of the Senate Education Committee and
2 the House Public Education Committee;

3 (2) two members of the senate, appointed by the
4 lieutenant governor;

5 (3) two members of the house of representatives,
6 appointed by the speaker of the house of representatives;

7 (4) one teacher, one principal, and one school
8 district superintendent, appointed jointly by the lieutenant
9 governor and the speaker of the house of representatives; and

10 (5) four representatives of businesses and
11 communities, at least two of whom have one or more children
12 attending the public schools, appointed jointly by the lieutenant
13 governor and the speaker of the house of representatives.

14 (c) The chairs of the Senate Education Committee and the
15 House Public Education Committee serve as co-chairs of the
16 committee.

17 (d) The committee shall conduct an in-depth and
18 comprehensive review of the mission, organization, size, and
19 effectiveness of the Central Education Agency. In conducting its
20 review, the committee shall study the mission, organizational
21 structure, and practices of similar agencies in other states. The
22 review must include:

23 (1) a study of the agency's success in addressing
24 national education goals adopted by the president of the United
25 States and the nation's 50 governors and the goals for public
26 education provided by Section 35.001, Education Code, as added by

1 this Act;

2 (2) a study of the agency's organizational mission,
3 structure, size, and effectiveness;

4 (3) a study of the number and effectiveness of
5 committees created under the auspices of the agency or the State
6 Board of Education;

7 (4) identification of those functions that should be
8 performed by the state and those that should be performed
9 regionally through regional service centers;

10 (5) a study of the adequacy, validity, and timeliness
11 of data collected and published by the Public Education Information
12 Management System (PEIMS) as provided by Section 16.007, Education
13 Code;

14 (6) a study of the adequacy and effectiveness of
15 programs designed for special populations of students and for
16 teacher and administrator staff development;

17 (7) a study of the adequacy and effectiveness of
18 assistance provided the site-based management teams established
19 under Section 21.931, Education Code; and

20 (8) a study of the efficient use of state resources,
21 school district structure, and opportunities for shared cost in
22 order to determine the best management and use of state resources
23 and to assist school districts in determining optimum educational
24 opportunities.

25 (e) The commissioner of education shall ensure that the
26 committee has access to any documentation and agency personnel the

1 committee requests.

2 (f) Meetings of the committee shall be held at the call of
3 the co-chairs.

4 (g) A majority of the members of the committee constitutes a
5 quorum.

6 (h) Not later than December 1, 1994, the committee shall
7 issue a report stating the findings of its review under Subsection
8 (d) of this section, including any recommendations for statutory
9 changes. The report must be approved by a majority of the
10 membership of the committee. Any dissenting member may attach a
11 statement to the report.

12 (i) Staff members of the Senate Education Committee and the
13 House Public Education Committee shall serve as the staff of the
14 committee.

15 (j) The Legislative Budget Board, comptroller, state
16 auditor, and other state agencies, officials, and personnel shall
17 cooperate with the committee in carrying out its duties under this
18 section.

19 (k) Each member of the committee is entitled to
20 reimbursement for actual and necessary expenses incurred in
21 performing committee duties. Each legislative member is entitled
22 to reimbursement from the appropriate fund of the member's
23 respective house. Each public member is entitled to reimbursement
24 from funds appropriated to the committee.

25 (l) The committee may coordinate its study with any other
26 legislative study.

1 (m) The committee expires January 10, 1995.

2 SECTION _____. The following provisions of the Education Code
3 are repealed:

4 (1) Sections 2.01, 11.272, 21.258, 21.551 through
5 21.556, 21.558 through 21.561, 21.751 through 21.7531, and 21.754
6 through 21.758; and

7 (2) Subchapter A, Chapter 34.

8 SECTION _____. Section 21.9211, Education Code, is amended by
9 amending Subsection (e) and adding Subsections (g) and (h) to read
10 as follows:

11 (e) The advisory council shall review the rules of the
12 University Interscholastic League and shall make recommendations
13 relating to the rules to the governor, the legislature, the
14 Legislative Council of the University Interscholastic League, and
15 [to] the State Board of Education. The advisory council shall
16 submit its initial report not later than January 1, 1995 [~~September~~
17 ~~17-1990~~].

18 (g) The advisory council shall study:

19 (1) University Interscholastic League policy with
20 respect to the eligibility of students to participate in programs;

21 (2) geographic distribution of University
22 Interscholastic League resources and programs; and

23 (3) gender equity.

24 (h) No actions of the University Interscholastic League
25 relating to the provision of additional programs and including
26 reclassification of school districts shall be taken pending

1 submission of a final report by the advisory council.

2 SECTION _____. This Article takes effect immediately and applies
3 beginning with the 1993-1994 school year.

AMENDMENT NO.

41

BY

Yolchey

Amend the Grusendorf amendment to C.S.S.B. No. 7 by striking added Section 35.025, Education Code, ~~from~~ (page 6, line 10, through page 7, line 1) and substituting the following:

Sec. 35.025. NOTATION OF PASSING EXIT LEVEL INSTRUMENT; ISSUANCE OF DIPLOMAS TO OTHER STUDENTS. (a) The diploma of a student who has performed satisfactorily on all sections of the secondary exit level assessment instrument must contain a statement, or have a statement affixed, that the student has performed satisfactorily on that instrument.

(b) A school district shall issue a high school diploma to a student who has completed all requirements for graduation but has not performed satisfactorily on all sections of the secondary exit level assessment instrument. The diploma of such a student may not contain or have affixed the statement described by Subsection (a) of this section.

ADOPTED

MAY 20 1993

Betty M. Murray
Chief Clerk
House of Representatives

ADOPTED

MAY 20 1993

Betty Murray
Chief Clerk
House of Representatives

AMENDMENT NO.

42

BY

Chesum

Amend C.S.S.B. No. 7 as follows:

(1) Add the following appropriately numbered article and sections to read as follows:

ARTICLE ____.

5 SECTION ____ . Subchapter Z, Chapter 21, Education Code, is
6 amended by adding Section 21.938 to read as follows:

7 Sec. 21.938. DISTRICT AND CAMPUS PLANNING PROCESS. (a) The
8 board of trustees of each school district shall develop a district
9 and campus planning process, utilizing the procedures established
10 in Sections 21.7532, 21.930, and 21.931 of this code, under which
11 the board shall adopt a district and campus plan.

12 (b) Each district's plan shall include a current analysis of
13 student performance based on the academic excellence indicators
14 adopted under Section 21.7531 of this code, campus performance
15 objectives established under Section 21.7532 of this code, and
16 other measures of student performance the board determines and
17 shall include provisions for:

18 (1) addressing the needs of district students for
19 special programs, such as suicide prevention or dyslexia treatment
20 programs;

21 (2) requiring the principal of each campus, with the
22 assistance of parents and guardians of the school's students, other
23 adults in the attendance area, and the professional staff of the
24 school, to establish a campus plan consistent with Sections 21.7532

1 and 21.931 of this code;

2 (3) dropout reduction;

3 (4) including technology in instructional and
4 administrative programs;

5 (5) discipline management;

6 (6) staff development for professional staff of the
7 district;

8 (7) career education to assist students in developing
9 the knowledge, skills, and competence necessary for a broad range
10 of career opportunities;

11 (8) compensatory and remedial education as required by
12 Section 21.557 of this code; and

13 (9) other information the board considers useful.

14 (c) In the district and campus plan or in another manner
15 permitted by federal law, the board shall address any federal
16 planning requirements.

17 (d) A district or campus plan is not filed with the Central
18 Education Agency, but the agency may review a plan on the agency's
19 request.

20 SECTION _____. Section 12.65(f), Education Code, is amended
21 to read as follows:

22 (f) Covers of all books shall be removed before reissue, and
23 the pupils to whom the books are issued shall replace the covers
24 [~~under-direction-of-the-teacher~~].

25 SECTION _____. Section 12.67(a), Education Code, is amended
26 to read as follows:

27 (a) If a school district employee enters into a business

1 relationship, employment contract, or other transaction with a
2 textbook publisher doing business, or with the potential of doing
3 business, with the state or a school district in the state and the
4 transaction directly or indirectly results in remuneration to the
5 employee, the transaction must be registered with the
6 superintendent of the school district [~~and-with-the-commissioner-of~~
7 ~~education~~].

8 SECTION _____. Section 21.258(a), Education Code, is amended
9 to read as follows:

10 (a) Each board of trustees shall publish an annual report
11 describing the district's educational performance that includes
12 campus performance objectives established under Section 21.7532 of
13 this code and the progress of each campus toward those objectives,
14 which shall be available to the public [~~and-filed-with-the-State~~
15 ~~Board-of-Education~~]. The board shall hold a hearing for public
16 discussion of the report. The board shall notify property owners
17 and parents in the district of the hearing. The board may combine
18 the notice with the notice of a public hearing on a proposed tax
19 increase required under Section 26.06, Tax Code. After the hearing
20 the report shall be widely disseminated within the district in a
21 manner to be determined by the district.

22 SECTION _____. Section 21.601, Education Code, is amended to
23 read as follows:

24 Sec. 21.601. ESTABLISHMENT. [~~†a~~] Each school district may
25 establish a school-community guidance center designed to locate and
26 assist children with problems which interfere with their education,
27 including but not limited to juvenile offenders and children with

1 severe behavioral problems or character disorders. The centers
2 shall coordinate the efforts of school district personnel, local
3 police departments, truant officers, and probation officers in
4 working with students, dropouts, and parents in identifying and
5 correcting factors which adversely affect the education of the
6 children.

7 ~~[(b)--With-the-approval-of--the--commissioner--of--education,~~
8 ~~school--districts--with--an--average--daily-attendance-of-less-than~~
9 ~~6,000-students-may-cooperate-with-other-districts-for--the--purpose~~
10 ~~of-establishing-a-common-center.]~~

11 SECTION _____. Section 21.701, Education Code, is amended to
12 read as follows:

13 Sec. 21.701. ADOPTION AND APPROVAL OF PROGRAMS. Each school
14 district shall adopt and implement a discipline management program
15 to be included in the district plan under Section 21.938 of this
16 code. ~~[Before--implementation,--the--proposed--program--must---be~~
17 ~~submitted--to--the-Central-Education-Agency,--which-shall-review-and~~
18 ~~approve-or-reject-the-program.]~~

19 SECTION _____. Section 21.702, Education Code, is amended to
20 read as follows:

21 Sec. 21.702. CONTENT OF APPROVED PROGRAMS. A [To--be
22 approved,--a] discipline management program must:

23 (1) encourage the commitment, cooperation, and
24 involvement of school district administrators, teachers, parents,
25 and students in the development of the program;

26 (2) encourage the use of the regional education
27 service center to assist in developing the program and providing

1 training to teachers and administrators;

2 (3) require the designation of a person in each school
3 with special training in discipline management to implement and
4 assess the program in that school and to identify and refer
5 appropriate students to school-community guidance programs;

6 (4) require the development of a student code of
7 conduct that clearly describes the district's expectations with
8 respect to student conduct, including provisions similar to the
9 Attorney General's Proposed Voluntary Student Code of Conduct of
10 1980, and specifies the consequences of violating the code;

11 (5) specifically outline the responsibilities of
12 teachers, administrators, parents, and students in the discipline
13 management program; and

14 (6) make parental involvement an integral part of the
15 discipline management program, requiring:

16 (A) one or more conferences during each school
17 year between a teacher and the parents of a student if the student
18 is not maintaining passing grades or achieving the expected level
19 of performance or presents some other problem to the teacher or in
20 any other case the teacher considers necessary;

21 (B) parent training workshops for home
22 reinforcement of study skills and specific curriculum objectives
23 conducted for parents who want to participate and based on interest
24 indicated by parents in the community; and

25 (C) a written statement signed by each parent
26 that the parent understands and consents to the responsibilities
27 outlined in the discipline management program.

1 SECTION ____ . Section 21.926, Education Code, is amended to
2 read as follows:

3 Sec. 21.926. INFORMATION TO BE POSTED. (a) For the benefit
4 of parents of school age children, each school in a district shall
5 post in a conspicuous location in the main administration building
6 accessible to the general public[+]

7 [+1)--a-map-of-the-school's-attendance-area;-and

8 [+2)--a-notice-that-includes:

9 [+A)--the--aggregate--results--by-grade-level-for
10 the-state-and--for--each--campus--in--the--district--of--assessment
11 instruments-administered-under-Section-21.551-of-this-code-for-each
12 of--the-preceding-three-school-years-and;-for-each-high-school;-the
13 aggregate-results-by-grade-level-of-the-most-recent--administration
14 of---any---norm-referenced--assessment--instrument;-including--the
15 Scholastic-Aptitude--Test--and--American--College--Testing--Program
16 assessment-instruments;

17 [+B)--the--total-enrollment-at-each-campus-in-the
18 district-for-each-of-the-four-most-recent-school-years;

19 [+C)--the-ratio-of-classroom-teachers-to-students
20 at-each-campus-in-the-district;

21 [+D)--a-statement-that-copies-of-the--notice--and
22 of--a--map--of--the--school's--attendance-area-are-available-in-the
23 school's-main-office;-and

24 [+E)] a statement that the district's annual
25 performance report is available in the school library.

26 (b) [The---assessment---instrument---results---posted---under
27 Subsection-(a)(2)(A)-of-this-section-must-be-presented-in-the--form

1 of---appropriate,---nontechnical---interpretations---in---terms
2 understandable-to-the-general-public.

3 [~~te~~---The-board-of-trustees-of-the-district-may-prescribe-the
4 format-of-the-notice-required-by-Subsection-(a)(2)-of-this-section.

5 [~~d~~] Each school shall have available in its main office
6 copies of:

7 (1) the notice [~~and-map~~] required to be posted under
8 Subsection (a) of this section; and

9 (2) a map of the school's attendance area.

10 (c) [~~te~~] Each school shall have available in its library a
11 copy of:

12 (1) the annual performance report for the district
13 required by Section 21.258 of this code; and

14 (2) the district and campus plan required by Section
15 21.938 of this code.

16 [~~f~~---Each---district---shall---have---available---in---its
17 administration-building-the-information-required-to--be--posted--by
18 Subsection-(a)-of-this-section-for-each-school-in-the-district.]

19 SECTION _____. The following sections of the Education Code
20 are repealed: 11.203, 11.205(b) and (c), 11.2051, 12.67(c),
21 14.065, 21.034, 21.1111(d), 21.253, 21.301(o), 21.557(d), 21.654,
22 and 21.909(d).

(2) Add the following appropriately numbered article and sections to read as follows:

ARTICLE ____.

SECTION ____ . Section 13.037(c), Education Code, is amended to read as follows:

(c) The Central Education Agency shall collect and maintain [~~teacher-performance-data-from-each--district's--implementation--of~~
1 ~~the-statewide-appraisal-system-and-shall-collect-and-maintain~~] data
2 from state-mandated tests required for entry to and exit from
3 teacher education programs. The Central Education Agency shall
4 provide probationary teacher performance data on a regular basis to
5 the respective institutions of higher education and to the Texas
6 Higher Education Coordinating Board[~~7-Texas-College-and--University~~
7 ~~System~~].

8 SECTION ____ . Section 13.103, Education Code, is amended to
9 read as follows:

10 Sec. 13.103. PROBATIONARY CONTRACT: TERMINATION. The board
11 of trustees of any school district may terminate the employment of
12 any teacher holding a probationary contract at the end of the
13 contract period, if in their judgment the best interests of the
14 school district will be served thereby; provided, that notice of
15 intention to terminate the employment shall be given by the board
16 of trustees to the teacher not later than the 60th day before the
17 last day of instruction required [~~on-or-before-April--17--preceding~~
18 ~~the-end-of-the-employment-term-fixed~~] in the contract. In event of
19 failure to give such notice of intention to terminate within the
20 time above specified, the board of trustees shall thereby elect to
21 employ such probationary teacher in the same capacity, and under
22 probationary contract status for the succeeding school year if the
23 teacher has been employed by such district for less than three
24 successive school years, or in a continuing contract position if
25 such teacher has been employed during three consecutive school
26 years.

27 SECTION ____ . The heading to Subchapter E, Chapter 13,

1 Education Code, is amended to read as follows:

2 SUBCHAPTER E. TEACHER APPRAISAL ~~[CAREER-LADDER]~~

3 SECTION _____. Sections 13.302(a), (c), and (f), Education
4 Code, are amended to read as follows:

5 (a) The State Board of Education shall adopt an appraisal
6 process and criteria on which to appraise the performance of
7 teachers ~~[for--career--ladder--level--assignment--purposes]~~. The
8 criteria must be based on observable, job-related behavior,
9 including teachers' implementation of discipline management
10 procedures.

11 (c) ~~An [in-developing-the-appraisal-process, the board shall~~
12 ~~provide-for-using-not-fewer-than-two-appraisers-for-each-appraisal-~~
13 ~~One]~~ appraiser must be the teacher's supervisor or ~~[and--one--must~~
14 ~~be]~~ a person ~~[as]~~ approved by the board of trustees. An appraiser
15 who is a classroom teacher may not appraise the performance of
16 another classroom teacher who teaches at the same school campus at
17 which the appraiser teaches, unless it is impractical because of
18 the number of campuses or unless the appraiser is the chairman of a
19 department or grade level whose job description includes classroom
20 observation responsibilities. ~~[in-a-district-that--uses--not--more~~
21 ~~than--two--appraisers-per-appraisal, the board shall provide-for-an~~
22 ~~appraisal--by--a--third--appraiser--from--another--campus--if--the~~
23 ~~difference--between--the--appraisals--is--such--that--the-teacher's~~
24 ~~performance-cannot-be-accurately-evaluated.]~~ The board also shall
25 provide for a uniform training program and uniform certification
26 standards for appraisers to be used throughout the state. The
27 board shall include teacher self-appraisal in the process.

1 (f) Appraisal for teachers must be detailed by category of
2 professional skill and characteristic and must provide for separate
3 ratings per category. The appraisal process shall guarantee a
4 conference between the teacher and the appraiser [~~appraisers~~], and
5 the conference shall be diagnostic and prescriptive with regard to
6 remediation as needed in overall summary of performance by category
7 [~~and--identify-the-required-performance-for-advancement-to-the-next~~
8 ~~level~~].

9 SECTION _____. Section 13.303, Education Code, is amended by
10 amending Subsections (a) and (c) and adding Subsection (d) to read
11 as follows:

12 (a) In appraising teachers, each [~~Each~~] school district
13 shall use:

14 (1) the appraisal process and performance criteria
15 developed by the board; or

16 (2) an appraisal process and performance criteria
17 developed by the school district utilizing the procedures
18 established in Sections 21.930 and 21.931 of this code and approved
19 by the commissioner of education [~~in-appraising-teachers-for-career~~
20 ~~ladder-level-assignment-purposes~~].

21 (c) Appraisal shall be done at least [~~not-fewer-than~~
22 [~~1~~]~~--two---times---during---each---school---year---for~~
23 ~~probationary--teachers--and-for-teachers-on-level-one-of-the-career~~
24 ~~ladder,--and~~

25 [~~1~~2] once during each school year. A teacher who is
26 dissatisfied with the teacher's appraisal is entitled to a second
27 appraisal in a school year by a different appraiser [~~for--teachers~~

1 on--levels--two,--three,--and--four--of--the--career--ladder--whose
2 performance,--on--the--most--recent--appraisal,--was--evaluated--as
3 exceeding--expectations-or-clearly-outstanding,--The-performance-of
4 a-teacher-who,--because-of-unusual-circumstances,--is-appraised--only
5 once--in--a--particular--year--shall-be-evaluated-for-career-ladder
6 purposes-on-the-basis-of-a-single-appraisal].

7 (d) A teacher may be given advance notice of the date or
8 time of an appraisal.

9 SECTION _____. Section 13.304, Education Code, is amended to
10 read as follows:

11 Sec. 13.304. PERFORMANCE CATEGORIES. In appraisals of
12 teacher performance [for-career-ladder-level-assignment-purposes],
13 performance [shall-be-evaluated-in-the-same-manner--and--under--the
14 same----criteria---regardless--of--level;---Performance] shall be
15 evaluated as:

16 (1) unsatisfactory (if the teacher's performance is
17 clearly not acceptable in some major area);

18 (2) below expectations (if the teacher's performance
19 needs improvement in some major areas);

20 (3) satisfactory (if the teacher's performance meets
21 expectations);

22 (4) exceeding expectations (if the teacher's
23 performance excels in some major areas); or

24 (5) clearly outstanding.

(3) In Section 2.01 of the bill, strike Section 16.052,
Education Code (page 22, line 8 through page 23, line 2, House
Committee Report), and substitute the following:

Sec. 16.052. OPERATION OF SCHOOLS; TEACHER PREPARATION AND

STAFF DEVELOPMENT. (a) Each school district must provide for not
less than 180 days of instruction for students and not less than
three days of preparation for teachers for each school year, except
as provided in Subsection (c) of this section.

(b) A school district, utilizing the procedures
established in Section 21.930, may replace not more than five days
of instruction with an equal number of days of staff development.

(c) The staff development authorized by this section must be
predominantly campus-based, for the purpose of improving student
achievement, and planned with the involvement of the campus school
committee established under Section 21.931 of this code. Campus
staff development may include activities that enable the campus
staff to plan together, to enhance existing skills, to share
effective strategies, to reflect on curricular and instructional
issues, to analyze student achievement results, to reflect on means
of increasing student achievement, to study research, to practice
new methods, to identify students' strengths and needs, to develop
meaningful programs for students, to appropriately implement
site-based decision making, and to conduct action research. Staff
development activities may include study teams, individual
research, peer coaching, workshops, seminars, conferences, and
other reasonable staff development activities that have the
potential to improve student achievement. [Each-school-district
must-provide-for-not-less-than-20-hours-of-staff-development
training---under---guidelines---provided---by---the---commissioner---of
education---The-training-provided-must-include-technology-training
and-must-occur-during-regular-hours-of-required-teacher-service-

(4) Add the following appropriately numbered section to
read as follows:

SECTION _____. Subchapter B, Chapter 16, Education Code, is
amended by adding Section 16.058 to read as follows:

Sec. 16.058. SALARY OF TEACHER FORMERLY ON CAREER LADDER.

(a) Notwithstanding any provision to the contrary, a teacher who
was assigned to a career ladder level under Subchapter E, Chapter
13, of this code on August 31, 1993, is entitled to receive for the
1993-1994 school year and each school year thereafter, as long as
the teacher is employed by the same district, a minimum salary
equal to the teacher's base salary plus the teacher's career ladder
supplement in the 1992-1993 school year.

(b) In this section, "base salary" means the minimum salary
prescribed by Sections 16.055 and 16.056 of this code plus any
amount in excess of the minimum salary that a school district pays
the teacher.

(5) In Section 2.01 of the bill, strike Section 16.158, Education Code (page 44, lines 13-24, House Committee Report), and substitute the following:

Sec. 16.158. TEACHER COMPENSATION [~~CAREER-LADDER~~] ALLOTMENT.

(a) Each district is entitled to an allotment for teacher compensation [~~support-of-the-career-ladder~~] equal to its unadjusted average daily attendance multiplied by \$90.

(b) Except as provided by Subsection (d) of this section, an [An] allotment under this section may be used only for the purposes of paying the salaries of teachers who were entitled to career ladder supplements.

(c) [~~From--the--funds--designated--for--that--purpose,--the district--shall--supplement--the--salary--of--each--teacher--above--level one--on--the--career--ladder.--The--district--shall--decide--the--amount--of supplement--to--be--provided--at--each--career--ladder--level.~~]

[~~(d)~~] Money received under this section may not be used to supplement the salary of an employee for directing cocurricular or extracurricular activities.

(d) If an allotment under this section exceeds the amount necessary to pay the salaries of teachers who were entitled to career ladder supplements as provided by Section 16.058 of this code, a district shall use the excess to supplement salaries of other teachers.

1 On-the-request-of-a-teacher,--a--school--district--may--credit--the
2 teacher--compensatory--time--to--be--applied--toward--the-number-of
3 training--hours--required--under--this--subsection--for--workshops,
4 conferences,--or--other-professional-training-that--the--teacher--has
5 attended.]

6 (d) [(c)] The commissioner of education may approve the
7 operation of schools for less than the number of days of
8 instruction, staff development, and teacher preparation otherwise
9 required when disasters, floods, extreme weather conditions, fuel
10 curtailments, or other calamities have caused the closing of the
11 school.

12 [(d)--Each-school-district-may-reserve--three--hours--of--the
13 first--preparation--day--provided--each-school-year-under-Subsection
14 (a)--of-this-section-for-faculty-staff-meetings.]

(6) In Section 2.01 of the bill, strike Section 16.302(a)

Education Code (page 66, line 16, through page 67, line 26, House Committee Report), and substitute the following:

[~~(a)~~] Each school district is guaranteed a specified amount per weighted student in state and local funds for each cent of tax effort over that required for the ^{district's} local fund assignment ~~[of the county education district in which the school district is located]~~ up to the maximum level specified in this subchapter. The amount of state support, subject only to the maximum amount under Section 16.303 of this code, is determined by the formula:

$$GYA = (GL \times WADA \times DTR \times 100) - LR$$

where:

"GYA" is the guaranteed yield amount of state funds to be allocated to the district;

"GL" is the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort, which is ^{\$22} ~~\$21.50~~ for the 1991-1992 school year, - \$22.50 - for the -1992-1993 school year, \$26 for the 1993-1994 school year, and \$28 for each school year thereafter,] or a greater amount for any year provided by appropriation, or a greater amount adopted by the foundation school fund budget committee under Section 16.256(d) ~~[of this code for the 1993-1994 or 1994-1995 school year or thereafter]~~;

"WADA", except as provided by Section 16.206 of this code, is the number of weighted students in average daily attendance, which is calculated by dividing the sum of the school district's allotments under Subchapters C and D of this chapter, less any allotments to the district for transportation, teacher compensation ~~[career-ladder-supplements]~~, or technology and 50 percent of the

subtracting the district's
local fund assignment
from

adjustment under Section 16.102 of this code, by the basic allotment for the applicable year;

"DTR" is the district enrichment and facilities tax rate of the school district, which is determined by [^][dividing] the total amount of taxes collected by the school district for the applicable school year [^] by the quotient of the district's taxable value of property as determined under Section 11.86 of this code divided by 100; and

"LR" is the local revenue, which is determined by multiplying "DTR" by the quotient of the district's taxable value of property as determined under Section 11.86 of this code divided by 100.

and dividing the difference

(7) Add the following appropriately numbered sections to the bill to read as follows:

12 SECTION _____, Section 21.112(e), Education Code, is amended
13 to read as follows:

14 (e) All new, additional, and continuing vocational programs
15 shall offer competency-based instruction. Instruction must be
16 based on the essential elements approved by the State Board of
17 Education. [~~A-competency--profile--must--be--maintained--for--each~~
18 ~~student-enrolled-~~]

19 SECTION _____. Section 21.204(a), Education Code, is amended
20 to read as follows:

21 (a) In the event the board of trustees receives a
22 recommendation for nonrenewal, the board, after consideration of
23 the written evaluations required by Section 21.202 of this
24 subchapter and the reasons for the recommendation, shall, in its
25 sole discretion, either reject the recommendation or shall give the
26 teacher written notice of the proposed nonrenewal not later than
27 the 60th day before the last day of instruction required [~~on or~~

1 ~~before-April-1-preceding-the-end-of-the-employment-term--fixed~~ in
2 the contract.

3 SECTION _____. Section 822.201(b), Government Code, is
4 amended to read as follows:

5 (b) "Salary and wages" as used in Subsection (a) means:

6 (1) normal periodic payments of money for service the
7 right to which accrues on a regular basis in proportion to the
8 service performed;

9 (2) ~~[career-ladder-payments--of--money--authorized--by~~
10 ~~Section-16-057,-Education-Code,~~

11 ~~[+3]~~ amounts by which the member's salary is reduced
12 under a salary reduction agreement authorized by Article 6252-3d,
13 Revised Statutes; and

14 (3) ~~[+4]~~ amounts that would otherwise qualify as
15 salary and wages under Subdivision (1) ~~[or--(+2)]~~ but are not
16 received directly by the member pursuant to a good faith, voluntary
17 written salary reduction agreement in order to finance payments to
18 a deferred compensation or tax sheltered annuity program
19 specifically authorized by state law or to finance benefit options
20 under a cafeteria plan qualifying under Section 125 of the Internal
21 Revenue Code of 1986 (26 U.S.C. Section 125), if:

22 (A) the program or benefit options are made
23 available to all employees of the employer; and

24 (B) the benefit options in the cafeteria plan
25 are limited to one or more options that provide deferred
26 compensation, group health and disability insurance, group term
27 life insurance, dependent care assistance programs, or group legal

1 services plans.

2 SECTION _____. Section 825.405(b), Government Code, is
3 amended to read as follows:

4 (b) For purposes of this section, the statutory minimum
5 salary is the salary provided by Sections [Section] 16.056 and
6 16.058, Education Code, multiplied by the cost of education
7 adjustment applicable under Section 16.102, Education Code, to the
8 district in which the member is employed[~~7-plus-any--career--ladder~~
9 ~~supplement-under-Section-16-0577-Education-Code~~].

10 SECTION _____. The following sections of the Education Code
11 are repealed: 12.61(a), 13.301, 13.305, 13.306(b), 13.307-13.317,
12 13.319-13.323, and 21.251(c).

(8) In Section 2.01 of the bill, add brackets and strike
through Section 16.057, Education Code (page 28, line 14 through
page 29, line 12, House Committee Report) to repeal that section.

(a) Add the following appropriately numbered section to the bill to read as follows:

14 SECTION _____. Section 11.273(e), Education Code, is amended
15 to read as follows:

16 (e) A school campus or district may not receive an exemption
17 or waiver under this section from requirements imposed by federal
18 law or rule, including requirements for special education or
19 bilingual education programs. A school campus or district may not
20 receive an exemption or waiver under this section from a
21 requirement or prohibition imposed by state law or rule relating
22 to:

23 (1) curriculum essential elements, excluding the
24 methodology used by a teacher and the time spent by a teacher or a
25 student on a particular task or subject;

26 (2) restrictions on extracurricular activities;

27 (3) health and safety;

- 1 (4) competitive bidding;
- 2 (5) elementary school class size limits, except as
- 3 provided by Section 16.054 of this code;
- 4 (6) minimum graduation requirements;
- 5 (7) removal of a disruptive student from the
- 6 classroom;
- 7 (8) suspension or expulsion of a student;
- 8 (9) at risk programs;
- 9 (10) prekindergarten programs;
- 10 (11) educational employee and educational support
- 11 employee rights and benefits. In this section, "educational
- 12 support employee" means a full-time or part-time school employee
- 13 not defined as a "teacher" by Section 21.201(1) of this code; or
- 14 (12) special education or bilingual education
- 15 programs.
- 16

(10) In Section 2.01 of the bill, strike Section 16.054(b),
Education Code (page 23, lines 10-13, House Committee Report), and
substitute the following:

(b) Except as provided by Subsection (d) or (f), a [A]
school district may not enroll more than 22 students in a
kindergarten, first, second, third, or fourth grade class. [This
~~requirement--shall-not-apply-during-the-last-12-weeks-of-any-school~~
~~year-]~~

(11) In Section 2.01 of the bill, strike Section 16.054(d), Education Code (page 23 lines 18-23, House Committee Report), and substitute the following:

(d) On application of a school district, the commissioner may except the district from the limits in Subsection (b) or (f) of this section if the commissioner finds the limits work an undue hardship on the district. "Undue hardship" is defined as lack of

1 adequate classroom space to accommodate unforeseen increases in
2 enrollment, inability to secure certified teachers, and financial
3 emergency. The waiver request must include a process to obtain
4 campus compliance in the following year and must identify campus
5 actions to offset the waiver impact on student achievement. A
6 school district that exceeds the class size maximum established by
7 this section without filing for a waiver within 30 days shall lose
8 state ADA allotment for each child in excess of the maximum class
9 size for each day the class exceeds the maximum class size. An
10 exception expires at the end of the school year [semester] for
11 which it is granted[7--and--the--commissioner--may--not--grant--an
12 exception--for--more--than--one--semester--at--a--time].

(12) In Section 2.01 of the bill, add Subsections (f) and (g) to Section 16.054, Education Code (page 24, between lines 3 and 4, House Committee Report) to read as follows:

(f) A school district may enroll more than 22 but not more than 24 students in a kindergarten, first, second, third, or fourth grade class:

(1) after the first 12 weeks of a school year, if necessary to avoid class reorganization; or

(2) during any 12 weeks selected by the district, if the district has a significant percentage, as defined by the commissioner of education, of students whose parent or guardian is a migrant worker, as defined by Section 21.5515 of this code.

(g) Not later than the 45th day after the first day of the school year, each school committee established under Section 21.931 of this code shall file a written report with the school district concerning the school's compliance with Subsection (b) of this section. Not later than the 60th day after the first day of the school year, each school district shall forward the reports to the Commissioner.

(13) Add the following appropriately numbered sections to the bill to read as follows:

SECTION _____. Sections 13.353(a) and (e), Education Code, are amended to read as follows:

(a) Each school district shall offer in-service training in management skills for district administrators, including principals and superintendents. The program may be one [~~programs--must--be consistent--with--standards--or--models~~] adopted by the State Board of Education or one approved by the board of trustees and shall include management training in site-based decision making established under Section 21.931 of this code [~~must-be-flexible-and draw-from-a-variety-of-offerings-both-in-and-out-of-state~~].

(e) From funds appropriated for that purpose, the Central Education Agency may [~~shall~~] allocate an amount each year for the identification, adaptation, development, and evaluation of professional development programs and materials; training of trainers; and technical assistance in the development of general management and leadership development skills, including skills necessary to implement Sections 21.7532, 21.930, and 21.931 of this code. The State Board of Education may designate special projects and development activities to be carried out with such funds. [~~The manner--in-which-such-funds-are-utilized-shall-be-reported-annually to-the-commissioner-of-education-~~]

SECTION _____. Section 13.354(d), Education Code, is amended to read as follows:

(d) Each school district may [~~shall~~] use the appraisal process and performance criteria developed by the board in

1 evaluating the performance of an administrator.

2 SECTION _____. The following sections of the Education Code
3 are repealed: 12.64 and 13.354(c).

4
5 SECTION _____. Section 21.165(d), Education Code, is amended
6 to read as follows:

7 (d) If the requisition is for the purchase of a motor
8 vehicle, bus, bus body, or bus chassis, it must be approved by
9 either the county school board when funded under law or the board
10 of trustees of a school district [~~and--by--the--commissioner--of~~
11 ~~education~~].

12 SECTION _____. Section 21.181(a), Education Code, is amended
13 to read as follows:

14 (a) As an alternative to maintaining and operating a
15 complete public school transportation system under this subchapter,
16 a county or local district school board may contract with a public
17 or commercial transportation company or system for all or any part
18 of its public school transportation if the board is able to obtain
19 an economically advantageous contract, provided that the commercial
20 transportation company or system:

21 (1) requires its school bus drivers to be certified by
22 the Central Education Agency; and

23 (2) uses only those school buses in transporting
24 public school students that satisfy safety requirements imposed by
25 law on school buses operated by public school transportation
26 systems[~~and~~

27 [~~(3) agrees to meet the alternative fuels requirements~~

1 of-Section-21.174--for--those--buses--dedicated--to--the--contract,
2 provided,--however,--the-company-or-system-may-claim-all-exceptions
3 available-to-county-and-local-district-school-boards-under--Section
4 21.174].

5 SECTION _____. Section 21.182(a), Education Code, is amended
6 to read as follows:

7 (a) As an alternative to purchasing school buses, a county
8 or local district school board may contract with any person for
9 use, acquisition, or lease with option or options to purchase any
10 school bus or buses if, at the discretion of the school board, such
11 a contract is determined to be economically advantageous to the
12 school district [~~and--complies---with---the---alternative---fuels~~
13 ~~requirements-of-Section-21.174~~]. Contracts may be in the form of a
14 lease or a lease with option or options to purchase. A contract is
15 in the form of a lease if it is a contract for the use and
16 possession of one or more school buses for consideration.
17 Ownership of a bus acquired through a lease or a lease with an
18 option to purchase remains with the lessor unless the lessee
19 exercises an option to purchase and purchases the bus under the
20 option. A school bus that is leased or leased with an option to
21 purchase under this section must meet or exceed the requirements
22 related to safety that apply to purchased or privately operated
23 school buses under Section 11.12. Contracts in the form of an
24 installment purchase or any form other than a lease or a lease with
25 option or options to purchase shall be subject to the provisions of
26 Section 21.165, as well as rules of the General Services
27 Commission.

SECTION _____. The following sections of the Education Code
are repealed: 21.174(c)-(i), 21.180, and 21.181(f).

(14) In Section 2.01 of the bill, add a new Subsection (c) to Section 16.007, Education Code (page 18, between lines 11 and 12, House Committee Report), to read as follows:

6 (c) Annually, the commissioner of education shall review the
7 Public Education Information Management System and shall repeal or
8 amend rules that require school districts to provide information
9 through the Public Education Information Management System that is
10 not necessary or useful. In reviewing the Public Education
11 Information Management System, the commissioner shall consider the
12 purpose of the system, which is to provide useful information on
13 students, staffing, and school district finances.

(15) Add the following appropriately numbered sections to the bill to read as follows:

SECTION _____. Section 19.051(a), Education Code, is amended to read as follows:

(a) By the procedure described in this subchapter, any of the following groups of school districts may consolidate into a single school district:

(1) two or more [contiguous] independent school districts;

(2) two or more [contiguous] common school districts;
or

(3) one or more independent school districts and one or more common school districts [~~constituting--as--a--whole--one continuous-territory~~].

SECTION _____. Section 21.041, Education Code, as amended by Section 1, Chapter 353, Acts of the 71st Legislature, Regular

1 Session, 1989, and Section 2.12, Chapter 813, Acts of the 71st
2 Legislature, Regular Session, 1989, is reenacted and amended to
3 read as follows:

4 Sec. 21.041. ABSENCES. (a) Except as provided by this
5 section, a student may not be given credit for a class unless the
6 student is in attendance for at least 90 percent of the [80] days
7 the class is offered [during-a-semester].

8 (b) The board of trustees of each school district shall
9 appoint one or more attendance committees to hear petitions for
10 class credit by students who are in attendance fewer than the
11 number of days required under Subsection (a) of this section [80
12 days-during-a-semester]. Each board may determine the number of
13 committees needed in the district and the composition of each
14 committee. The committees may give class credit to a student who
15 is in attendance fewer than the number of days required under
16 Subsection (a) of this section [80-days-during-a-semester] because
17 of extenuating circumstances. Each local school board shall
18 establish guidelines to determine what constitutes extenuating
19 circumstances, subject to rules adopted by the State Board of
20 Education, and shall adopt policies establishing alternative ways
21 for students to make up work or regain credit lost because of
22 absences. The State Board of Education shall submit its rules
23 adopted under this section to the Legislative Education Board for
24 review to ensure compliance with legislative intent. A certified
25 public school employee may not be assigned additional instructional
26 duties as a result of this section outside of the regular workday
27 unless the employee is compensated for the duties at a reasonable

1 rate of pay.

2 (c) A member of an attendance committee is not personally
3 liable for any act or omission arising out of duties as a member of
4 an attendance committee.

5 (d) If a student is denied credit for a class by an
6 attendance committee, the student may appeal the decision to the
7 board. The decision of the board may be appealed by trial de novo
8 to the district court of the county in which the school district's
9 central administrative office is located.

10 (e) This section does not affect the provision of Section
11 21.035(f) of this code regarding a student's excused absence from
12 school to observe religious holy days.

13 SECTION ____ Sections 21.458(a), (b), (e), and (f),
14 Education Code, are amended to read as follows:

15 (a) Each district that is required to offer a bilingual
16 education or special language program shall offer a voluntary
17 [summer] program for children of limited English proficiency who
18 will be eligible for admission to kindergarten or the first grade
19 at the beginning of the next school year. A school that operates
20 on a two-semester system shall offer the program during the period
21 school is recessed for the summer. A school that operates on any
22 other system permitted by this code shall offer 120 hours of
23 instruction on a schedule the board of trustees of the district
24 establishes.

25 (b) Enrollment in the program is optional with the parent of
26 the child. In a district that operates on a two-semester system,
27 the [The] program must be offered for one-half day for eight weeks.

1 (e) The [~~preschool--or---summer~~] programs required or
2 authorized by this section shall not be a substitute for programs
3 required to be provided during the regular school year.

4 (f) The legislature may appropriate funds from the
5 foundation school program for support of a [the-summer] program
6 under Subsection (a) of this section.

7 SECTION _____. Subchapter B, Chapter 11, Education Code, is
8 amended by adding Section 11.274 to read as follows:

9 Sec. 11.274. SCHOOL COMMITTEE WAIVERS. (a) Except as
10 provided under Subsection (c) of this section, a school committee
11 established under Section 21.931 of this code may apply to the
12 commissioner of education for a waiver for the school of a
13 requirement or prohibition imposed by law or rule that the
14 committee determines inhibits student achievement.

15 (b) An application under this section must include a written
16 plan developed by the committee that states the achievement
17 objectives of the committee and the inhibition imposed on those
18 objectives by the requirement or prohibition and shall be approved
19 by the district's board of trustees.

20 (c) The commissioner may grant a waiver under this section
21 for a period not to exceed three years. A prohibition on conduct
22 that constitutes a criminal offense may not be waived. A
23 requirement imposed by federal law or rule, including requirements
24 for special education or bilingual education programs, may not be
25 waived.

26 SECTION _____. Section 11.52, Education Code, is amended by
27 adding Subsection (p) to read as follows:

1 (p) The commissioner may establish demonstration programs in
2 education settings throughout the state to demonstrate and
3 investigate educational programs or methodologies. The
4 commissioner may waive for the duration of a program a requirement
5 or prohibition imposed by state law that hinders the implementation
6 of the program. A prohibition on conduct that constitutes a
7 criminal offense may not be waived.

8 SECTION _____. Subchapter O, Chapter 21, Education Code, is
9 amended by adding Section 21.562 to read as follows:

10 Sec. 21.562. PARENTAL RIGHTS. The parent of a student, upon
11 being denied review of an assessment instrument that will be or has
12 been presented to the parent's child, is entitled to refuse to
13 allow an assessment instrument that is not a prerequisite for
14 graduation to be administered to the parent's child. A school
15 district may not consider the fact that an assessment instrument
16 was not administered to a student, as provided by this section, in
17 taking any action regarding the student's academic standing,
18 including class standing, class placement, or determination of
19 number of unexcused absences. Each public school must notify
20 parents of their rights under this section.

21 SECTION _____. Section 21.920(b), Education Code, is amended
22 to read as follows:

23 (b) A student enrolled in a school district in this state
24 shall be suspended from participation in any extracurricular
25 activity sponsored or sanctioned by the school district during the
26 grade reporting period after a grade reporting period in which the
27 student received a grade lower than the equivalent of 70 on a scale

1 of 100 in any academic class. The campus principal may remove this
2 suspension if the class is an identified honors or advanced class.
3 After the first three weeks of a suspension under this subsection,
4 the campus principal may remove the suspension if the student has
5 not received a grade lower than the equivalent of 70 on a scale of
6 100 in any academic class in that three-week period. The principal
7 shall reinstate the suspension if the student receives a grade
8 lower than the equivalent of 70 on a scale of 100 in any academic
9 class in the second three weeks of the period.

10 SECTION _____. Section 21.920, Education Code, is amended by
11 adding Subsection (f) to read as follows:

12 (f) For purposes of this section, participation by a
13 vocational agriculture student in an event related to vocational
14 agriculture is not considered an extracurricular activity.

15 SECTION _____. Section 21.3011(b), Education Code, is amended
16 to read as follows:

17 (b) A student may be removed from class and expelled without
18 resort to an alternative education program under Section 21.301 of
19 this code if the student, on school property or while attending a
20 school-sponsored or school-related activity on or off of school
21 property:

22 (1) assaults a teacher or other individual;

23 (2) sells, gives, or delivers to another person or
24 possesses or uses or is under the influence of:

25 (A) marihuana or a controlled substance, as
26 defined by Chapter 481, Health and Safety Code, or by 21 U.S.C.
27 Section 801 et seq.; or

1 (B) a dangerous drug, as defined by Chapter 483,
2 Health and Safety Code;

3 (3) sells, gives, or delivers to another person an
4 alcoholic beverage, as defined by Section 1.04, Alcoholic Beverage
5 Code, or commits a serious act or offense while under the influence
6 of alcohol; or on more than one occasion possesses, uses, or is
7 under the influence of an alcoholic beverage;

8 (4) possesses a firearm as defined by Section
9 46.01(3), Penal Code, an illegal knife as defined by Section
10 46.01(6), Penal Code, a club as defined by Section 46.01(1), Penal
11 Code, or a weapon listed as a prohibited weapon under Section
12 46.06, Penal Code;

13 (5) engages in conduct that contains the elements of
14 an offense relating to abusable glue or aerosol paint under
15 Sections 485.031 through 485.035, Health and Safety Code, or
16 relating to volatile chemicals under Chapter 484, Health and Safety
17 Code;

18 (6) engages in conduct that contains the elements of
19 the offense of arson under Section 28.02, Penal Code; ~~[or]~~

20 (7) engages in conduct that contains the elements of
21 the offense of criminal mischief under Section 28.03, Penal Code,
22 if the offense is punishable as a felony under that section; or

23 (8) engages in conduct that contains the elements of
24 the offense of public lewdness under Section 21.07, Penal Code.

25 SECTION _____. Section 21.5513, Education Code, is amended by
26 adding Subsection (j) to read as follows:

27 (j) In addition to its other duties and responsibilities

1 under this section, the committee shall develop basic standards for
2 measuring competence and skill levels in reading, writing, and
3 mathematics. The standards shall be standards that, if satisfied,
4 demonstrate readiness for immediate entry into either employment or
5 higher education. The standards shall be designed to be applied to
6 a testing instrument required to be taken by high school level
7 students before graduation. Not later than February 1, 1995, the
8 committee shall make a report of its actions to the 74th
9 Legislature. This subsection expires June 1, 1995.

10 SECTION _____. Subchapter B, Chapter 11, Education Code, is
11 amended by adding Section 11.37 to read as follows:

12 Sec. 11.37. RULES APPLYING TO REMEDIAL EDUCATION COSTS. The
13 State Board of Education, in cooperation with the Texas Higher
14 Education Coordinating Board, shall adopt rules to facilitate
15 charging school districts for remedial education costs, as provided
16 by Section 11.54 of this code. The rules shall be designed to
17 ensure fairness, consistency, and fundamental due process.

18 SECTION _____. Subchapter D, Chapter 11, Education Code, is
19 amended by adding Section 11.54 to read as follows:

20 Sec. 11.54. SCHOOL DISTRICT RESPONSIBILITY FOR REMEDIAL
21 EDUCATION COSTS. The commissioner of education may assign to a
22 school district that consistently graduates students who require
23 postsecondary remedial education all or a part of the costs of
24 remedial education provided by an institution of higher education.
25 The commissioner shall assign the costs as provided by the rules
26 adopted under Sections 11.37 and 61.083 of this code.

27 SECTION _____. Subchapter C, Chapter 61, Education Code, is

1 amended by adding Sections 61.083 and 61.084 to read as follows:

2 Sec. 61.083. RULES APPLYING TO REMEDIAL EDUCATION COSTS.

3 The Texas Higher Education Coordinating Board, in cooperation with
4 the State Board of Education, shall adopt rules to facilitate
5 charging school districts for remedial education costs, as provided
6 by Section 11.54 of this code. The rules shall be designed to
7 ensure fairness, consistency, and fundamental due process.

8 Sec. 61.084. ELIMINATION OF REMEDIAL EDUCATION PROGRAMS.

9 (a) The Texas Higher Education Coordinating Board shall develop a
10 plan for the gradual elimination of remedial postsecondary
11 educational programs at institutions of higher education. Not
12 later than February 1, 1995, the coordinating board shall make a
13 report of its results to the 74th Legislature.

14 (b) This section expires June 1, 1995.

15 SECTION _____. Section 21.101, Education Code, is amended by
16 adding Subsection (j) to read as follows:

17 (j) The State Board of Education or the commissioner of
18 education may not require a local school district to offer a course
19 in sex education.

20 SECTION _____. Section 3(a), Chapter 424, Acts of the 63rd
21 Legislature, Regular Session, 1973 (Article 6252-17a, Vernon's
22 Texas Civil Statutes), is amended to read as follows:

23 (a) All information collected, assembled, or maintained by
24 or for governmental bodies, except in those situations where the
25 governmental body does not have either a right of access to or
26 ownership of the information, pursuant to law or ordinance or in
27 connection with the transaction of official business is public

1 information and available to the public during normal business
2 hours of any governmental body, with the following exceptions only:

3 (1) information deemed confidential by law, either
4 Constitutional, statutory, or by judicial decision;

5 (2) information in personnel files, the disclosure of
6 which would constitute a clearly unwarranted invasion of personal
7 privacy, and transcripts from institutions of higher education
8 maintained in the personnel files of professional public school
9 employees; provided, however, that nothing in this section shall be
10 construed to exempt from disclosure the degree obtained and the
11 curriculum on such transcripts of professional public school
12 employees, and further provided that all information in personnel
13 files of an individual employee within a governmental body is to be
14 made available to that individual employee or his designated
15 representative as is public information under this Act;

16 (3) information relating to litigation of a criminal
17 or civil nature and settlement negotiations, to which the state or
18 political subdivision is, or may be, a party, or to which an
19 officer or employee of the state or political subdivision, as a
20 consequence of his office or employment, is or may be a party, that
21 the attorney general or the respective attorneys of the various
22 political subdivisions has determined should be withheld from
23 public inspection;

24 (4) information which, if released, would give
25 advantage to competitors or bidders;

26 (5) information pertaining to the location of real or
27 personal property for public purposes prior to public announcement

1 of the project, and information pertaining to appraisals or
2 purchase price of real or personal property for public purposes
3 prior to the formal award of contracts therefor;

4 (6) drafts and working papers involved in the
5 preparation of proposed legislation;

6 (7) matters in which the duty of the Attorney General
7 of Texas or an attorney of a political subdivision, to his client,
8 pursuant to the Rules and Canons of Ethics of the State Bar of
9 Texas are prohibited from disclosure, or which by order of a court
10 are prohibited from disclosure;

11 (8) records of law enforcement agencies and
12 prosecutors that deal with the detection, investigation, and
13 prosecution of crime and the internal records and notations of such
14 law enforcement agencies and prosecutors which are maintained for
15 internal use in matters relating to law enforcement and
16 prosecution;

17 (9) private correspondence and communications of an
18 elected office holder relating to matters the disclosure of which
19 would constitute an invasion of privacy;

20 (10) trade secrets and commercial or financial
21 information obtained from a person and privileged or confidential
22 by statute or judicial decision;

23 (11) inter-agency or intra-agency memorandums or
24 letters which would not be available by law to a party in
25 litigation with the agency;

26 (12) information contained in or related to
27 examination, operating, or condition reports prepared by, on behalf

1 of, or for the use of an agency responsible for the regulation or
2 supervision of financial institutions, and/or securities, as that
3 term is defined in the Texas Securities Act;

4 (13) geological and geophysical information and data
5 including maps concerning wells, except information filed in
6 connection with an application or proceeding before any agency or
7 an electric log confidential under Subchapter M, Chapter 91,
8 Natural Resources Code;

9 (14) student records at educational institutions
10 funded wholly, or in part, by state revenue; but such records shall
11 be made available upon request of educational institution
12 personnel, the student involved, that student's parent, legal
13 guardian, or spouse or a person conducting a child abuse
14 investigation required by Section 34.05, Family Code;

15 (15) birth and death records maintained by the Bureau
16 of Vital Statistics of the Texas Department of Health, except that:

17 (A) a birth record is public information and
18 available to the public on and after the 50th anniversary of the
19 date on which the record is filed with the Bureau of Vital
20 Statistics or local registration official; and

21 (B) a death record is public information and
22 available to the public on and after the 25th anniversary of the
23 date on which the record is filed with the Bureau of Vital
24 Statistics or local registration official;

25 (16) the audit working papers of the State Auditor;

26 (17) information relating to:

27 (A) the home addresses or home telephone numbers

1 of each official or employee or each former official or employee of
2 a governmental body except as otherwise provided by Section 3A of
3 this Act, or of peace officers as defined by Article 2.12, Code of
4 Criminal Procedure, 1965, as amended, or by Section 51.212, Texas
5 Education Code; or

6 (B) the home addresses, home telephone numbers,
7 or social security numbers of employees of the Texas Department of
8 Criminal Justice, or the home or employment addresses or telephone
9 numbers or the names or social security numbers of their family
10 members;

11 (18) information contained on or derived from
12 triplicate prescription forms filed with the Department of Public
13 Safety pursuant to Section 481.075, Health and Safety Code;

14 (19) photographs that depict a peace officer as
15 defined by Article 2.12, Code of Criminal Procedure, or a security
16 officer commissioned under Section 51.212, Education Code, the
17 release of which would endanger the life or physical safety of the
18 officer unless:

19 (A) the officer is under indictment or charged
20 with an offense by information; or

21 (B) the officer is a party in a fire or police
22 civil service hearing or a case in arbitration; or

23 (C) the photograph is introduced as evidence in
24 a judicial proceeding;

25 (20) rare books and original manuscripts which were
26 not created or maintained in the conduct of official business of a
27 governmental body and which are held by any private or public

1 archival and manuscript repository for the purposes of historical
2 research;

3 (21) oral history interviews, personal papers,
4 unpublished letters, and organizational records of nongovernmental
5 entities, which were not created or maintained in the conduct of
6 official business of a governmental body and which are held by any
7 private or public archival and manuscript repository for the
8 purposes of historical research, to the extent that the archival
9 and manuscript repository and the donor of the interviews, papers,
10 letters, and records may agree to limit disclosure of the item;

11 (22) [~~curriculum--objectives-and~~] test items developed
12 by educational institutions that are funded wholly or in part by
13 state revenue and test items developed by licensing agencies or
14 governmental bodies; and

15 (23) the names of applicants for the position of chief
16 executive officer of institutions of higher education, except that
17 the governing body of the institution of higher education must give
18 public notice of the name or names of the finalists being
19 considered for the position at least 21 days prior to the meeting
20 at which final action or vote is to be taken on the employment of
21 the individual.

22 SECTION _____. Section 5(a), Chapter 173, Acts of the 47th
23 Legislature, Regular Session, 1941 (Article 6687b, Vernon's Texas
24 Civil Statutes), is amended to read as follows:

25 (a) No person who is under the age of eighteen (18) years
26 shall drive any motor vehicle while in use as a school bus for the
27 transportation of pupils to or from school. A person who is

1 eighteen (18) years of age or older may not operate a vehicle as a
2 school bus until he has been properly licensed to operate a school
3 bus. It shall be unlawful for any person to be employed to drive a
4 motor vehicle while in use as a school bus for the transportation
5 of pupils who has not undergone a physical examination which
6 reveals his physical and mental capabilities to safely operate a
7 school bus. Such physical examinations shall be conducted annually
8 for each driver. A pre-employment driver's license check shall
9 have been made with the Texas Department of Public Safety prior to
10 the employment and the person's driving record must be acceptable
11 according to standards developed jointly by the State Board of
12 Education and the Texas Department of Public Safety. Effective at
13 such date and under provisions as may be determined by the State
14 Board of Education, the driver of a school bus shall have in his
15 possession a certificate stating he is enrolled in, or has
16 completed, a driver training course in school bus safety education
17 that has been approved jointly by the State Board of Education and
18 the Texas Department of Public Safety. The bus driving certificate
19 shall remain valid for a period of three years. This subsection
20 does not affect the right of any otherwise qualified person with a
21 hearing disability to be licensed, certified, and employed as a bus
22 driver for vehicles used to transport hearing impaired students or
23 persons. This subsection does not apply to the operation of a
24 vehicle owned by a public institution of higher education to
25 transport students of a school district that operates within that
26 institution if:

27 (1) the person operating the vehicle is approved by

1 the institution to operate the vehicle; and

2 (2) the transportation is for a field trip or other
3 special event.

4 SECTION _____. The following sections of the Education Code
5 are repealed: 21.008, 21.132-21.134, 23.993, 23.994, and 23.999.
6

7 SECTION _____. Effective September 1, 1995, Titles 1 and 2,
8 Education Code, are repealed.

9 SECTION _____. Not later than June 1, 1994, the commissioner
10 of education shall submit to the legislature a proposed revision of
11 Titles 1 and 2, Education Code.

12 SECTION _____. Effective September 1, 1995, the Central
13 Education Agency is abolished.

(42)

Hacuna

SB 7

Amend C.S.S.B. No. 7 as follows:

✓✓ (1) On page 59, line 19, strike "February 1" and substitute "April 1".

✓✓ (2) On page 59, line 23, strike "next" and substitute "current".

✓✓ (3) On page 60, line 22, between "federal" and "funds", insert "proprietary".

✓✓ (4) On page 94, line 22, strike "1994-1995" and substitute "1993-1994".

✓✓ (5) On page 94, line 22, strike "September" and substitute "July".

✓✓ (6) On page 94, line 24, strike "1994-1995" and substitute "1993-1994".

✓✓ (7) On page 94, line 26, strike "February 1" and substitute "April 1".

✓✓ (8) On page 94, line 27, strike "1994-1995" and substitute "1993-1994".

✓✓ (9) On page 95, line 3, strike "1994-1995" and substitute "1993-1994".

ADOPTED

MAY 20 1993

Letty Murray
Chief Clerk
House of Representatives

Amendment No. 43

By Davila
Davila

Amend the CSSB No. 7 by adding
a new section as follows:
to Article 1

SECTION 1.04. IDEAL SCHOOL DISTRICT
COMMISSION.

The ~~Commission~~ Commission shall be
composed of five members of the Senate,
~~and~~ five members of the House of Representatives
and one person appointed by the Governor.
The members of the Senate and House
shall be appointed by the presiding officer
of each body. The person appointed by the
Governor shall serve as the chair.

(a) Duties of the Commission.

The ~~Commission~~ Commission shall
analyze the need for standards regarding
the maximum and minimum sizes for
school districts in this state and recommend
to the 74th Session its findings and
conclusions. ^{Legislature}

(b) Authority of the Commission.

The ~~Commission~~ Commission shall
have the authority vested in any standing
committee of either the Senate or the House
or both.

((do not under line))

Amendment No. ①

3rd READING

By

C. Liu

Amend S.B. No. 7 on third reading by striking second reading
Amendment No. ³⁴~~47~~ by Ashley Smith and substituting the following:

Amend the Chisum amendment, in the section amending Section 21.258(a), Education Code, by adding a new Subsection (c) to Section 21.258, and changing the bill section's introductory language accordingly, to read as follows:

(e) The report must include a statement of the amount, if any, of the school district's unencumbered surplus fund balance as of the last day of the preceding fiscal year and the percentage of the preceding year's budget that the surplus represents.

ADOPTED

MAY 21 1993

Betty Murray
Chief Clerk
House of Representatives

CONFERENCE COMMITTEE REPORT FORM

RECEIVED
SECRETARY OF SENATE

Austin, Texas

93 MAY 27 AIO: 30

May 27, 1993
Date

Honorable Bob Bullock
President of the Senate

ADOPTED
25 years 6 days
MAY 27 1993

Libby Linebarger
Secretary of the Senate

Honorable Pete Laney
Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on Senate Bill 7 have met and had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

Bill Ratliff
Bill Ratliff

Libby Linebarger
Libby Linebarger

Bill Haley
Bill Haley

Christine Hernandez
Christine Hernandez

Eddie Lucio
Eddie Lucio

Steve Ogden
Steve Ogden

Gregory Luna
Gregory Luna

Paul L. Sadler
Paul Sadler

On the part of the Senate David Sibley

On the part of the House Mark Stiles

Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.

10:30 A filed

CONFERENCE COMMITTEE REPORT

3rd Printing

S.B. No. 7

A BILL TO BE ENTITLED

AN ACT

relating to public school education and finance; providing civil penalties.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

ARTICLE 1

SECTION 1.01. Title 2, Education Code, is amended by adding Chapter 36 to read as follows:

CHAPTER 36. EQUALIZED WEALTH LEVEL

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 36.001. DEFINITIONS. In this chapter:

(1) "Equalized wealth level" means the wealth per student provided by Section 36.002.

(2) "Wealth per student" means the taxable value of property, as determined under Section 11.86, divided by the number of students in weighted average daily attendance.

(3) "Weighted average daily attendance" has the meaning assigned by Section 16.302, except that weighted average daily attendance is computed using the estimate of average daily attendance under Section 16.2541, and the estimate under Section 16.2541 is modified by including a student residing in a school district but attending school in another district in the estimate for the district of the student's residence and not of the district in which the student attends school.

Sec. 36.002. EQUALIZED WEALTH LEVEL. (a) Except as

1 provided by Subsections (b) and (c), a school district may not have
 2 a wealth per student that exceeds \$280,000.

3 (b) For the 1993-1994 school year, in accordance with a
 4 determination of the commissioner of education, the wealth per
 5 student that a school district may have after exercising an option
 6 under Section 36.003(2), (3), or (4) may not be less than the
 7 amount needed to maintain the amount of state and local revenue per
 8 weighted student for maintenance and operation of the district for
 9 the 1992-1993 school year if the district imposes an effective tax
 10 rate for maintenance and operation of the district equal to the
 11 greater of the district's current tax rate or \$1.375 on the \$100
 12 valuation of taxable property.

13 (c) For the 1994-1995 and 1995-1996 school years, in
 14 accordance with a determination of the commissioner of education,
 15 the wealth per student that a school district may have after
 16 exercising an option under Section 36.003(2), (3), or (4) may not
 17 be less than the amount needed to maintain the amount of state and
 18 local revenue per weighted student for maintenance and operation of
 19 the district for the 1992-1993 school year if the district imposes
 20 an effective tax rate for maintenance and operation of the district
 21 equal to the greater of the district's current tax rate or \$1.50 on
 22 the \$100 valuation of taxable property.

23 (d) For purposes of Subsections (b) and (c), a school
 24 district's effective tax rate is determined by dividing the total
 25 amount of taxes collected by the district for the applicable school
 26 year by the quotient of the district's taxable value of property,
 27 as determined under Section 11.86, divided by 100.

1 Sec. 36.003. OPTIONS TO ACHIEVE EQUALIZED WEALTH LEVEL. A
2 district with a wealth per student that exceeds the equalized
3 wealth level may take any combination of the following actions to
4 achieve the equalized wealth level:

5 (1) consolidation with another district as provided by
6 Subchapter B;

7 (2) detachment of territory as provided by Subchapter
8 C;

9 (3) purchase of average daily attendance credit as
10 provided by Subchapter D;

11 (4) contracting for the education of nonresident
12 students as provided by Subchapter E; or

13 (5) tax base consolidation with another district as
14 provided by Subchapter F.

15 Sec. 36.004. ANNUAL REVIEW OF PROPERTY WEALTH. (a) Not
16 later than July 15 of each year, the commissioner of education
17 shall review the wealth per student of school districts in the
18 state and shall notify:

19 (1) each district with wealth per student exceeding
20 the equalized wealth level;

21 (2) each district to which the commissioner proposes
22 to annex property detached from a district notified under
23 Subdivision (1), if necessary, under Subchapter G; and

24 (3) each district to which the commissioner proposes
25 to consolidate a district notified under Subdivision (1), if
26 necessary, under Subchapter H.

27 (b) If, before the dates provided by this subsection, a

1 district notified under Subsection (a)(1) has not successfully
2 exercised one or more options under Section 36.003 that reduce the
3 district's wealth per student to a level equal to or less than the
4 equalized wealth level, the commissioner shall order the detachment
5 of property from that district as provided by Subchapter G. If
6 that detachment will not reduce the district's wealth per student
7 to a level equal to or less than the equalized wealth level, the
8 commissioner may not detach property under Subchapter G but shall
9 order the consolidation of the district with one or more other
10 districts as provided by Subchapter H. An agreement under Section
11 36.003(1) or (2) must be executed not later than September 1
12 immediately following the notice under Subsection (a). An election
13 for an option under Section 36.003(3), (4), or (5) must be ordered
14 before September 1 immediately following the notice under
15 Subsection (a).

16 (c) A district notified under Subsection (a) may not adopt a
17 tax rate for the tax year in which the district receives the notice
18 until the commissioner of education certifies that the district has
19 achieved the equalized wealth level.

20 (d) A detachment and annexation or consolidation under this
21 chapter:

22 (1) is effective for foundation school program funding
23 purposes for the school year that begins in the calendar year in
24 which the detachment and annexation or consolidation is agreed to
25 or ordered; and

26 (2) applies to the ad valorem taxation of property
27 beginning with the tax year in which the agreement or order is

1 effective.

2 Sec. 36.005. COMPTROLLER AND APPRAISAL DISTRICT COOPERATION.

3 The chief appraiser of each appraisal district and the comptroller
4 shall cooperate with the commissioner and school districts in
5 implementing this chapter.

6 Sec. 36.006. RULES. (a) The commissioner of education may
7 adopt rules necessary for the implementation of this chapter. The
8 rules may provide for the commissioner to make necessary
9 adjustments to the provisions of Chapter 16, including providing
10 for the commissioner, with the approval of the foundation school
11 fund budget committee, to make an adjustment in the funding element
12 established by Section 16.302, at the earliest date practicable, to
13 the amount the commissioner believes, taking into consideration
14 options exercised by school districts under this chapter and
15 estimates of student enrollments, will match appropriation levels.

16 (b) As necessary for the effective and efficient
17 administration of this chapter, the commissioner of education may
18 modify effective dates and time periods for actions described by
19 this chapter.

20 Sec. 36.007. COMMISSIONER TO APPROVE SUBSEQUENT BOUNDARY
21 CHANGES. A school district that is involved in an action under
22 this chapter that results in boundary changes to the district or in
23 the consolidation of tax bases is subject to consolidation,
24 detachment, or annexation under Chapter 19 only if the commissioner
25 of education certifies that the change under Chapter 19 will not
26 result in a district with a wealth per student that exceeds the
27 equalized wealth level.

1 Sec. 36.0075. HOMESTEAD EXEMPTIONS. (a) The governing
 2 board of a school district that results from consolidation under
 3 this chapter, including a consolidated taxing district under
 4 Subchapter F, for the tax year in which the consolidation occurs
 5 may determine whether to adopt a homestead exemption provided by
 6 Section 11.13, Tax Code, and may set the amount of the exemption,
 7 if adopted, at any time before the school district adopts a tax
 8 rate for that tax year. This section applies only to an exemption
 9 that the governing board of a school district is authorized to
 10 adopt or change in amount under Section 11.13, Tax Code.

11 (b) This section prevails over any inconsistent provision of
 12 Section 11.13, Tax Code, or other law.

13 Sec. 36.008. TAX ABATEMENTS. (a) A tax abatement agreement
 14 executed by a school district that is involved in consolidation or
 15 in detachment and annexation of territory under this chapter is not
 16 affected and applies to the taxation of the property covered by the
 17 agreement as if executed by the district within which the property
 18 is included.

19 (b) The commissioner shall determine the wealth per student
 20 of a school district under this chapter as if any tax abatement
 21 agreement executed by a school district on or after May 31, 1993,
 22 had not been executed.

23 Sec. 36.0085. TAX INCREMENT OBLIGATIONS. The payment of tax
 24 increments under Chapter 311, Tax Code, is not affected by the
 25 consolidation of territory or tax bases or by annexation under this
 26 chapter. In each tax year a school district paying a tax increment
 27 from taxes on property over which the district has assumed taxing

1 power is entitled to retain the same percentage of the tax
2 increment from that property that the district in which the
3 property was located before the consolidation or annexation could
4 have retained for the respective tax year.

5 Sec. 36.009. CONTINGENCY. (a) If any of the options
6 described by Section 36.003 as applied to a school district are
7 held invalid by a final decision of a court of competent
8 jurisdiction, a school district is entitled to exercise any of the
9 remaining valid options in accordance with a schedule approved by
10 the commissioner of education.

11 (b) If a final order of a court of competent jurisdiction
12 should hold each of the options provided by Section 36.003 invalid,
13 the commissioner shall act under Subchapter G or H to achieve the
14 equalized wealth level only after notice and hearing is afforded to
15 each school district affected by the order. The commissioner shall
16 adopt a plan that least disrupts the affected school districts. If
17 because the exigency to adopt a plan prevents the commissioner from
18 giving a reasonable time for notice and hearing, the commissioner
19 shall timely give notice to and hold a hearing for the affected
20 school districts, but in no event less than 30 days from time of
21 notice to the date of hearing.

22 (c) If a final order of a court of competent jurisdiction
23 should hold an option provided by Section 36.003 invalid and order
24 a refund to a district of any amounts paid by a district choosing
25 that option, the amount shall be refunded but held in reserve and
26 not expended by the district until released by order of the
27 commissioner of education. The commissioner shall order the

1 release immediately on the commissioner's determination that,
2 through one of the means provided by law, the district has achieved
3 the equalized wealth level. The amount released shall be deducted
4 from any state aid payable to the district according to a schedule
5 adopted by the commissioner.

6 Sec. 36.010. DATE OF ELECTIONS. An election under this
7 chapter for voter approval of an agreement entered by the board of
8 trustees shall be held on a Tuesday or Saturday not more than 45
9 days after the date of the agreement. Section 41.001, Election
10 Code, does not apply to the election.

11 Sec. 36.011. PROCEDURE. (a) Except as provided by
12 Subchapter G, a decision of the commissioner under this chapter is
13 appealable under Section 11.13(c).

14 (b) Any order of the commissioner issued under this chapter
15 shall be given immediate effect and may not be stayed or enjoined
16 pending any appeal.

17 (c) The Administrative Procedure and Texas Register Act
18 (Article 6252-13a, Vernon's Texas Civil Statutes) does not apply to
19 a decision of the commissioner under this chapter.

20 (d) On the request of the commissioner, the secretary of
21 state shall publish any rules adopted under this chapter in the
22 Texas Register and the Texas Administrative Code.

23 SUBCHAPTER B. CONSOLIDATION BY AGREEMENT

24 Sec. 36.031. AGREEMENT. The governing boards of any two or
25 more school districts may consolidate the districts by agreement in
26 accordance with this subchapter to establish a consolidated
27 district with a wealth per student equal to or less than the

1 equalized wealth level. The agreement is not effective unless the
2 commissioner of education certifies that the consolidated district,
3 as a result of actions taken under this chapter, will have a wealth
4 per student equal to or less than the equalized wealth level.

5 Sec. 36.032. GOVERNING LAW. Except to the extent modified
6 by the terms of the agreement, the consolidated district is
7 governed by the applicable provisions of Subchapter C, Chapter 19,
8 other than a provision requiring consolidating districts to be
9 contiguous. The agreement may not be inconsistent with the
10 requirements of this subchapter.

11 Sec. 36.033. GOVERNANCE PLAN. (a) The agreement among the
12 consolidating districts may include a governance plan designed to
13 preserve community-based and site-based decision making within the
14 consolidated district, including the delegation of specific powers
15 of the governing board of the district other than the power to levy
16 taxes.

17 (b) The governance plan may provide for a transitional board
18 of trustees during the first year after consolidation, but
19 beginning with the next year the board of trustees must be elected
20 from within the boundaries of the consolidated district from
21 single-member districts drawn in accordance with the procedures
22 provided by Section 23.024.

23 Sec. 36.034. INCENTIVE AID. (a) For the first and second
24 school years after creation of a consolidated district under this
25 subchapter, the commissioner of education shall adjust allotments
26 to the consolidated district to the extent necessary to preserve
27 the effects of an adjustment under Sections 16.102, 16.103, or

16.104 to which either of the consolidating districts would have been entitled but for the consolidation.

(b) A district receiving incentive aid payments under this section is not entitled to incentive aid under Subchapter G, Chapter 23.

SUBCHAPTER C. DETACHMENT AND ANNEXATION BY AGREEMENT

Sec. 36.061. AGREEMENT. (a) By agreement of the governing boards of two school districts, territory may be detached from one of the districts and annexed to the other district if, after the action:

(1) the wealth per student of the district from which territory is detached is equal to or less than the equalized wealth level; and

(2) the wealth per student of the district to which territory is annexed is not greater than the greatest level for which funds are provided under Subchapter H, Chapter 16.

(b) The agreement is not effective unless the commissioner of education certifies that, after all actions taken under this chapter, the wealth per student of each district involved will be equal to or less than the applicable level permitted by Subsection (a).

Sec. 36.062. GOVERNING LAW. Except to the extent of any conflict with this chapter and except for any requirement that detached property must be annexed to a school district that is contiguous to the detached territory, the annexation and detachment is governed by Chapter 19.

Sec. 36.063. ALLOCATION OF APPRAISED VALUE OF DIVIDED UNIT.

1 If portions of a parcel or other item of property are located in
2 different school districts as a result of a detachment and
3 annexation under this subchapter, the parcel or other item of
4 property shall be appraised for taxation as a unit, and the
5 agreement shall allocate the taxable value of the property between
6 the districts.

7 Sec. 36.064. ALLOCATION OF INDEBTEDNESS. The annexation
8 agreement may allocate to the receiving district any portion of the
9 indebtedness of the district from which the territory is detached,
10 and the receiving district assumes and is liable for the allocated
11 indebtedness.

12 Sec. 36.065. NOTICE. As soon as practicable after the
13 agreement is executed, the districts involved shall notify each
14 affected property owner and the appraisal district in which the
15 affected property is located.

16 SUBCHAPTER D. PURCHASE OF ATTENDANCE CREDIT

17 Sec. 36.091. AGREEMENT. A school district with a wealth per
18 student that exceeds the equalized wealth level may execute an
19 agreement with the commissioner of education to purchase attendance
20 credits in an amount sufficient, in combination with any other
21 actions taken under this chapter, to reduce the district's wealth
22 per student to a level that is equal to or less than the equalized
23 wealth level.

24 Sec. 36.092. CREDIT. (a) For each credit purchased, the
25 weighted average daily attendance of the purchasing school district
26 is increased by one student in weighted average daily attendance
27 for purposes of determining whether the district exceeds the

1 equalized wealth level.

2 (b) A credit is not used in determining a school district's
3 scholastic population, average daily attendance, or weighted
4 average daily attendance for purposes of Chapter 15 or 16.

5 Sec. 36.093. COST. The cost of each credit is an amount
6 equal to the greater of:

7 (1) the amount of the district's total tax revenue per
8 weighted student in average daily attendance for the school year
9 for which the contract is executed; or

10 (2) the amount of the statewide district average of
11 total tax revenue per weighted student in average daily attendance
12 for the school year preceding the school year for which the
13 contract is executed.

14 Sec. 36.094. PAYMENT. (a) A school district shall pay for
15 credits purchased in accordance with a schedule adopted by the
16 commissioner of education, with all payments being made not later
17 than February 15 of the school year for which the agreement is in
18 effect.

19 (b) Receipts shall be deposited in the state treasury and
20 may be used only for foundation school program purposes.

21 Sec. 36.095. DURATION. An agreement under this section is
22 valid for one school year and, subject to Section 36.096, may be
23 renewed annually.

24 Sec. 36.096. VOTER APPROVAL. (a) After first executing an
25 agreement under this section, the board of trustees shall order and
26 conduct an election, in the manner provided by Sections
27 19.003(d)-(h), to obtain voter approval of the agreement.

1 (b) The ballot shall be printed to provide for voting for or
2 against the proposition: "Authorizing the board of trustees of
3 _____ School District to purchase attendance credits from the
4 state with local tax revenues."

5 (c) The proposition is approved if the proposition receives
6 a favorable vote of a majority of the votes cast. If the
7 proposition is approved, the agreement executed by the board is
8 ratified, and the board has continuing authority to execute
9 agreements under this subchapter on behalf of the district without
10 further voter approval.

11 SUBCHAPTER E. CONTRACT FOR EDUCATION OF NONRESIDENT STUDENTS

12 Sec. 36.121. AGREEMENT. The board of trustees of a district
13 with a wealth per student that exceeds the equalized wealth level
14 may execute an agreement to educate the students of another
15 district in a number that, when the weighted average daily
16 attendance of the students served is added to the weighted average
17 daily attendance of the contracting district, is sufficient, in
18 combination with any other actions taken under this chapter, to
19 reduce the district's wealth per student to a level that is equal
20 to or less than the equalized wealth level. The agreement is not
21 effective unless the commissioner of education certifies that the
22 transfer of weighted average daily attendance will not result in
23 any of the contracting districts' wealth per student being greater
24 than the equalized wealth level and that the agreement requires an
25 expenditure per weighted student in average daily attendance that
26 is at least equal to the amount per weighted student in average
27 daily attendance required under Section 36.093, unless it is

determined by the commissioner that a quality educational program can be delivered at a lesser amount.

Sec. 36.122. VOTER APPROVAL. (a) After first executing an agreement under this section, the board of trustees of the district that will be educating nonresident students shall order and conduct an election, in the manner provided by Sections 19.003(d)-(h), to obtain voter approval of the agreement.

(b) The ballot shall be printed to provide for voting for or against the proposition: "Authorizing the board of trustees of _____ School District to educate students of other school districts with local tax revenues."

(c) The proposition is approved if the proposition receives a favorable vote of a majority of the votes cast. If the proposition is approved, the agreement executed by the board is ratified, and the board has continuing authority to execute agreements under this subchapter on behalf of the district without further voter approval.

Sec. 36.123. WADA COUNT. For purposes of Chapter 16, students served under an agreement under this subchapter are counted only in the weighted average daily attendance of the district providing the services.

SUBCHAPTER F. TAX BASE CONSOLIDATION

Sec. 36.151. AGREEMENT. The board of trustees of two or more school districts may execute an agreement to conduct an election on the creation of a consolidated taxing district for the maintenance and operation of the component school districts. The agreement is subject to approval by the commissioner of education.

The agreement is not effective unless the commissioner of education certifies that the consolidated taxing district will have a wealth per student equal to or less than the equalized wealth level after all actions taken under this chapter.

Sec. 36.152. DATE OF ELECTION. Any agreement under this subchapter must provide for the ordering of an election to be held on the same date in each district.

Sec. 36.153. PROPOSITION. (a) The ballot shall be printed to provide for voting for or against the proposition: "Creation of a consolidated taxing district composed of the territory of _____ school districts, and authorizing the levy, assessment, and collection of annual ad valorem taxes for the maintenance of the public free schools within that taxing district at a rate not to exceed \$_____ on the \$100 valuation of taxable property."

(b) The rate to be included in the proposition shall be provided by the agreement among the districts but may not exceed the maximum rate provided by law for independent school districts.

Sec. 36.154. APPROVAL. The proposition is approved only if the proposition receives a favorable vote of the majority of the votes cast within each participating school district.

Sec. 36.155. CONSOLIDATED TAXING DISTRICT. A consolidated taxing district is a school district established for the limited purpose of exercising the taxing power authorized by Article VII, Section 3, of the Texas Constitution and distributing the revenue to its component school districts.

Sec. 36.156. GOVERNANCE. (a) The consolidated taxing

1 district is governed by the boards of the component school
2 districts acting jointly.

3 (b) Any action taken by the joint board must receive a
4 favorable vote of a majority of each component district's board of
5 trustees.

6 Sec. 36.157. MAINTENANCE TAX. (a) The joint board shall
7 levy a maintenance tax for the benefit of the component school
8 districts not later than September 1 of each year or as soon
9 thereafter as practicable.

10 (b) Each component district shall bear a share of the costs
11 of assessing and collecting taxes in proportion to the component
12 district's share of weighted average daily attendance in the
13 consolidated taxing district.

14 (c) A component district may not levy an ad valorem tax for
15 the maintenance and operation of the schools.

16 (d) Notwithstanding Sections 20.04 and 20.09, the
17 consolidated taxing district may levy, assess, and collect a
18 maintenance tax for the benefit of the component districts at a
19 rate that exceeds \$1.50 per \$100 valuation of taxable property to
20 the extent necessary to pay contracted obligations on the lease
21 purchase of permanent improvements to real property entered into on
22 or before May 12, 1993. The proposition to impose taxes at the
23 necessary rate must be submitted to the voters in the manner
24 provided by Section 20.04.

25 Sec. 36.158. REVENUE DISTRIBUTION. The consolidated taxing
26 district shall distribute maintenance tax revenue to the component
27 districts on the basis of the number of weighted students in

1 average daily attendance in the component districts.

2 Sec. 36.159. TAXES OF COMPONENT DISTRICTS. (a) The
3 governing board of a component school district of a consolidated
4 taxing district that has consolidated for maintenance and operation
5 purposes only may issue bonds and levy, pledge, and collect ad
6 valorem taxes within that component district sufficient to pay the
7 principal of and interest on those bonds as provided by Chapter 20.

8 (b) A component district levying an ad valorem tax under
9 this section or Section 36.160(b)(1) is entitled to the guaranteed
10 yield provided by Subchapter H, Chapter 16, for that portion of its
11 tax rate that, when added to the maintenance tax levied by the
12 consolidated taxing unit, does not exceed the limitation provided
13 by Section 16.303.

14 Sec. 36.160. OPTIONAL TOTAL TAX BASE CONSOLIDATION. (a) An
15 agreement executed under Section 36.151 may provide for total tax
16 base consolidation instead of consolidation for maintenance and
17 operation purposes only.

18 (b) Under an agreement providing for total tax base
19 consolidation:

20 (1) the component districts may not levy maintenance
21 or bond taxes, except to the extent necessary to retire bonds and
22 other obligations issued before the effective date of the
23 consolidation;

24 (2) the joint board may issue bonds and levy, pledge,
25 and collect ad valorem taxes sufficient to pay the principal of and
26 interest on those bonds, and issue refunding bonds, as provided by
27 Chapter 20 for independent school districts; and

(3) to the end of the ballot proposition required under Section 36.153(a) shall be added ", and further to create a consolidated tax base for the repayment of all bonded indebtedness issued by the joint board of the taxing district after the effective date of the consolidation and to authorize the joint board to levy, pledge, and collect ad valorem taxes at a rate sufficient to pay the principal of and interest on those bonds."

(c) Under an agreement providing for total tax base consolidation:

(1) the component districts may provide for the consolidated taxing district to assume all of the indebtedness of all component districts; and

(2) to the end of the ballot proposition required by Section 36.153(a) shall be added ", and further to create a consolidated tax base for the repayment of all bonded indebtedness issued by the joint board of the taxing district or previously issued by the component school districts and to authorize the joint board to levy, pledge, and collect ad valorem taxes at a rate sufficient to pay the principal of and interest on those bonds."

SUBCHAPTER G. DETACHMENT AND ANNEXATION BY

COMMISSIONER OF EDUCATION

Sec. 36.201. DEFINITION. In this subchapter, "mineral property" means a real property mineral interest that has been severed from the surface estate by a mineral lease creating a determinable fee or by a conveyance that creates an interest taxable separately from the surface estate. A mineral property includes each royalty interest, working interest, or other

undivided interest in the mineral property.

Sec. 36.202. DETERMINATION OF TAXABLE VALUE. (a) For purposes of this subchapter, the taxable value of an individual parcel or other item of property and the total taxable value of property in a school district resulting from the detachment of property from or annexation of property to that district is determined by applying the appraisal ratio for the appropriate category of property determined under Section 11.86 for the preceding tax year to the taxable value of the detached or annexed property determined under Title 1, Tax Code, for the preceding tax year.

(b) For purposes of this subchapter, the taxable value of all or a portion of a parcel or item of real property includes the taxable value of personal property having taxable situs at the same location as the real property.

Sec. 36.203. PROPERTY SUBJECT TO DETACHMENT AND ANNEXATION.

(a) Only the following property may be detached and annexed under this subchapter:

(1) a mineral property;

(2) real property used in the operation of a public utility, including a pipeline, pipeline gathering system, or railroad or other rail system; and

(3) real property used primarily for industrial or other commercial purposes, other than property used primarily for agriculture or for residential purposes.

(b) If a final judgment of a court determines that a mineral interest may not be annexed and detached as provided by this

1 subchapter without an attendant annexation and detachment of the
2 surface estate or any other interest in the same land, the
3 detachment and annexation of a mineral interest under this
4 subchapter includes the surface estate and each other interest in
5 the land covered by the mineral interest.

6 Sec. 36.204. TAXATION OF PERSONAL PROPERTY. Personal
7 property having a taxable situs at the same location as real
8 property detached and annexed under this subchapter is taxable by
9 the school district to which the real property is annexed.

10 Sec. 36.205. DETACHMENT OF PROPERTY. (a) The commissioner
11 shall detach property under this section from each school district
12 from which the commissioner is required under Section 36.004 to
13 detach property under this subchapter.

14 (b) The commissioner shall detach from each school district
15 covered by Subsection (a) one or more whole parcels or items of
16 property in descending order of the taxable value of each parcel or
17 item, beginning with the parcel or item having the greatest taxable
18 value, until the school district's wealth per student is equal to
19 or less than the equalized wealth level, except as otherwise
20 provided by Subsection (c).

21 (c) If the detachment of whole parcels or items of property,
22 as provided by Subsection (a) would result in a district's wealth
23 per student that is less than the equalized wealth level by more
24 than \$10,000, the commissioner may not detach the last parcel or
25 item of property and shall detach the next one or more parcels or
26 items of property in descending order of taxable value that would
27 result in the school district having a wealth per student that is

equal to or less than the equalized wealth level by not more than \$10,000.

(d) Notwithstanding Subsections (a)-(c), the commissioner may detach only a portion of a parcel or item of property if:

(1) it is not possible to reduce the district's wealth per student to a level that is equal to or less than the equalized wealth level under this subchapter unless some or all of the parcel or item of property is detached and the detachment of the whole parcel or item would result in the district from which it is detached having a wealth per student that is less than the equalized wealth level by more than \$10,000; or

(2) the commissioner determines that a partial detachment of that parcel or item of property is preferable to the detachment of one or more other parcels or items having a lower taxable value in order to minimize the number of parcels or items of property to be detached consistent with the purposes of this chapter.

Sec. 36.206. ANNEXATION OF PROPERTY. (a) The commissioner shall annex property detached under Section 36.205 to school districts eligible for annexation in accordance with this section. A school district is eligible for annexation of property to it under this subchapter only if, before any detachments or annexations are made in a year, the district's wealth per student is less than the greatest level for which funds are provided under Subchapter H, Chapter 16.

(b) Property may be annexed to a school district without regard to whether the property is contiguous to other property in

1 that district.

2 (c) The commissioner shall annex property detached from
3 school districts beginning with the property detached from the
4 school district with the greatest wealth per student before
5 detachment, and continuing with the property detached from each
6 other school district in descending order of the district's wealth
7 per student before detachment.

8 (d) The commissioner shall annex the parcels or items of
9 property detached from a school district to other school districts
10 that are eligible for annexation of property in descending order of
11 the taxable value of each parcel or item according to the following
12 priorities:

13 (1) first, to the eligible school districts assigned
14 to the same county as the school district from which the property
15 is detached whose total adopted tax rate for the preceding tax year
16 does not exceed by more than \$0.15 the total tax rate adopted for
17 that year by the school district from which the property is
18 detached;

19 (2) second, to the eligible school districts served by
20 the same Regional Education Service Center as the district from
21 which the property is detached whose total adopted tax rate for the
22 preceding tax year does not exceed by more than \$0.10 the total tax
23 rate adopted for that year by the school district from which the
24 property is detached; and

25 (3) third, to other eligible school districts whose
26 total adopted tax rate for the preceding tax year does not exceed
27 by more than \$0.05 the total tax rate adopted for that year by the

1 school district from which the property is detached.

2 (e) If the districts identified by Subsection (d) for a
 3 school district are insufficient to annex all the property detached
 4 from the school district, the commissioner shall increase, for
 5 purposes of this section, all the maximum difference in tax rates
 6 allowed under Subsection (d) in increments of \$0.01 until the
 7 districts are identified that are sufficient to annex all the
 8 property detached from the district.

9 (f) If only one school district is eligible to annex
 10 property detached from a school district within a priority group
 11 established by Subsections (d) and (e), the commissioner shall
 12 annex property to that district until it reaches a wealth per
 13 student equal as nearly as possible to the greatest level for which
 14 funds are provided under Subchapter H, Chapter 16, by annexing
 15 whole parcels or items of property. Any remaining detached
 16 property shall be annexed to eligible school districts in the next
 17 priority group as provided by this section.

18 (g) If more than one school district is eligible to annex
 19 property detached from a school district within a priority group
 20 established by Subsections (d) and (e), the commissioner shall
 21 first annex property to the district within the priority group to
 22 which could be annexed the most taxable value of property without
 23 increasing its wealth per student above the greatest level for
 24 which funds are provided under Subchapter H, Chapter 16, until that
 25 district reaches a wealth per student equal as nearly as possible
 26 to the greatest level for which funds are provided under Subchapter
 27 H, Chapter 16, by annexing whole parcels or items of property.

1 Then any additional detached property shall be annexed in the same
2 manner to other eligible school districts in the same priority
3 group in descending order of capacity to receive taxable value of
4 annexed property without increasing the district's wealth per
5 student above the greatest level for which funds are provided under
6 Subchapter H, Chapter 16. If every school district in a priority
7 group reaches a wealth per student equal to the greatest level for
8 which funds are provided under Subchapter H, Chapter 16, as nearly
9 as possible, the remaining detached property shall be annexed to
10 school districts in the next priority group in the manner provided
11 by this section.

12 (h) For purposes of this section, a portion of a parcel or
13 item of property detached in that subdivided form from a school
14 district is treated as a whole parcel or item of property.

15 (i) The commissioner may order the annexation of a portion
16 of a parcel or item of property, including a portion of property
17 treated as a whole parcel or item under Subsection (h), if:

18 (1) the annexation of the whole parcel or item would
19 result in the district eligible to receive it in the appropriate
20 priority order provided by this section having a wealth per student
21 greater than \$10,000 more than the greatest level for which funds
22 are provided under Subchapter H, Chapter 16; or

23 (2) the commissioner determines that annexation of
24 portions of the parcel or item would reduce disparities in district
25 wealth per student more efficiently than would be possible if the
26 parcel or item were annexed as a whole.

27 (j) The commissioner may modify the priorities established

1 by this section as the commissioner considers reasonable to
2 minimize or reduce the number of school districts to which the
3 property detached from a school district is annexed, to minimize or
4 reduce the geographic dispersal of property in a school district,
5 to minimize or reduce disparities in school district wealth per
6 student that would otherwise result, or to minimize or reduce any
7 administrative burden or expense.

8 (k) For purposes of this section, a school district is
9 assigned to a county if the school district is assigned to that
10 county in the 1992-1993 Texas School Directory published by the
11 Central Education Agency.

12 Sec. 36.207. LIMITATIONS ON DETACHMENT AND ANNEXATION. The
13 commissioner may detach and annex property under this subchapter
14 only if:

15 (1) the property is not exempt from ad valorem
16 taxation under Section 11.20 or 11.21, Tax Code; and

17 (2) the property does not contain a building or
18 structure owned by the United States, this state, or a political
19 subdivision of this state that is exempt from ad valorem taxation
20 under law.

21 Sec. 36.208. ORDERS AND NOTICE. (a) The commissioner shall
22 order any detachments and annexations of property under this
23 subchapter not later than November 8 of each year.

24 (b) As soon as practicable after issuing the order under
25 Subsection (a), the commissioner shall notify each affected school
26 district and the appraisal district in which the affected property
27 is located of the determination.

1 Sec. 36.209. TREATMENT OF SUBDIVIDED PROPERTY. (a) If the
 2 commissioner orders the detachment or annexation of a portion of a
 3 parcel or item of property under this subchapter, the order shall
 4 specify the portion of the taxable value of the property to be
 5 detached or annexed and may, but need not, describe the specific
 6 area of the parcel or item to be detached or annexed.

7 (b) If an order for the detachment or annexation of a
 8 portion of a parcel or item of property does not describe the
 9 specific area of the parcel or item to be detached or annexed, the
 10 commissioner, as soon as practicable after issuing the order, shall
 11 determine the specific area to be detached or annexed and shall
 12 certify that determination to the appraisal district for the county
 13 in which the property is located.

14 (c) If portions of a parcel or item of property are located
 15 in two or more school districts as the result of a detachment or
 16 annexation, the parcel or item shall be appraised for taxation as a
 17 unit, and the commissioner shall determine the portion of the
 18 taxable value of the property that is located in each of those
 19 school districts based on the square footage of the property, or
 20 any other reasonable method adopted by the commissioner.

21 Sec. 36.210. DUTIES OF CHIEF APPRAISER. (a) The chief
 22 appraiser of each appraisal district shall cooperate with the
 23 commissioner in administering this subchapter. The commissioner
 24 may require the chief appraiser to submit any reports or provide
 25 any information available to the chief appraiser in the form and at
 26 the times required by the commissioner.

27 (b) As soon as practicable after the detachment and

1 annexation of property, the chief appraiser of the appraisal
2 district for the school district from which the property is
3 detached shall send a written notice of the detachment and
4 annexation to the owner of any property taxable in a different
5 school district as a result of the detachment and annexation. The
6 notice must include the name of the school district by which the
7 property is taxable after the detachment and annexation.

8 (c) The commissioner may reimburse an appraisal district for
9 any costs incurred in administering this subchapter and may
10 condition the reimbursement or the amount of the reimbursement on
11 the timely submission of reports or information required by the
12 commissioner or the satisfactory performance of any other action
13 required or requested by the commissioner.

14 Sec. 36.211. STUDENT ATTENDANCE. A student who is a
15 resident of real property detached from a school district may
16 choose to attend school in that district or in the district to
17 which the property is annexed. For purposes of determining average
18 daily attendance under Section 16.006, the student shall be counted
19 in the district to which the property is annexed. If the student
20 chooses to attend school in the district from which the property is
21 detached, the state shall withhold any foundation school funds from
22 the district to which the property is annexed and shall allocate to
23 the district in which the student is attending school those funds
24 and the amount of funds equal to the difference between the state
25 funds the district is receiving for the student and the district's
26 cost in educating the student.

27 Sec. 36.212. BOND TAXES. Property detached from a school

district is released from the obligation for any tax to pay principal and interest on bonds authorized by the district before detachment. The property is subject to any tax to pay principal or interest on bonds authorized by the district to which the property is annexed whether authorized before or after annexation.

Sec. 36.213. DETERMINATION BY COMMISSIONER FINAL. A decision or determination of the commissioner of education under this subchapter is final and not appealable.

SUBCHAPTER H. CONSOLIDATION BY COMMISSIONER OF EDUCATION

Sec. 36.251. COMMISSIONER ORDER. If the commissioner of education is required under Section 36.004 to order the consolidation of districts, the consolidation is governed by this subchapter. The commissioner's order shall be effective on a date determined by the commissioner, but not later than the earliest practicable date after November 8.

Sec. 36.252. SELECTION CRITERIA. (a) In selecting the districts to be consolidated with a district that has a property wealth greater than the equalized wealth level, the commissioner shall select one or more districts with a wealth per student that, when consolidated, will result in a consolidated district with a wealth per student equal to or less than the equalized wealth level. In achieving that result, the commissioner shall give priority to school districts in the following order:

(1) first, to the contiguous district that has the lowest wealth per student and is located in the same county;

(2) second, to the district that has the lowest wealth per student and is located in the same county;

1 (3) third, to a contiguous district with a property
2 wealth below the equalized wealth level that has requested the
3 commissioner that it be considered in a consolidation plan;

4 (4) fourth, to include as few districts as possible
5 that fall below the equalized wealth level within the consolidation
6 order that have not requested the commissioner to be included;

7 (5) fifth, to the district that has the lowest wealth
8 per student and is located in the same regional education service
9 center area; and

10 (6) sixth, to a district that has a tax rate similar
11 to that of the district that has a property wealth greater than the
12 equalized wealth level.

13 (b) The commissioner may not select a district that has been
14 created as a result of consolidation by agreement under Subchapter
15 B to be consolidated under this subchapter with a district that has
16 a property wealth greater than the equalized wealth level.

17 (c) In applying the selection criteria specified by
18 Subsection (a), if more than two districts are to be consolidated,
19 the commissioner shall select the third and each subsequent
20 district to be consolidated by treating the district that has a
21 property wealth greater than the equalized wealth level and the
22 district or districts previously selected for consolidation as one
23 district.

24 Sec. 36.253. GOVERNANCE. (a) Until the initial trustees
25 elected as provided by Subsection (b) have qualified and taken
26 office, a district consolidated under this subchapter is governed
27 by a transitional board of trustees consisting of the board of

plus one member of the board of
trustees of each other consolidating
district selected by that board

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1 trustees of the district having the greatest student membership on
2 the last day of the school year preceding the consolidation.

3 (b) The transitional board of trustees shall divide the
4 consolidated district into nine single-member trustee districts in
5 accordance with the procedures provided by Section 23.024. The
6 transitional board shall order an election for the initial board of
7 trustees to be held on the first January uniform election date
8 after the effective date of a consolidation order.

9 (c) Members of the board of trustees of a consolidated
10 district serve staggered terms of office for four years.

11 (d) Section 19.058 applies to districts consolidated under
12 this subchapter.

13 Sec. 36.254. DISSOLUTION OF CONSOLIDATED DISTRICT. (a) If
14 the legislature abolishes ad valorem taxes for public school
15 maintenance and operations and adopts another method of funding
16 public education, the board of trustees of a consolidated district
17 created under this subchapter may dissolve the consolidated
18 district, provided that the dissolution is approved by a majority
19 of those voters residing within the district participating in an
20 election called for the purpose of approving the dissolution of the
21 consolidated school district.

22 (b) If a consolidated district is dissolved, each of the
23 former districts is restored as a separate district and is
24 classified as an independent district.

25 (c) Title to real property of the consolidated district is
26 allocated to the restored district in which the property is
27 located. Title to proportionate shares of the fund balances and

1 personal property of the consolidated district, as determined by
2 Subsection (e), are allocated to each restored district.

3 (d) Each of the restored districts assumes and is liable
4 for:

5 (1) indebtedness of the consolidated district that
6 relates to real property allocated to the district; and

7 (2) a proportionate share, as determined by Subsection
8 (e), of indebtedness of the consolidated district that does not
9 relate to real property.

10 (e) A restored district's proportionate share of fund
11 balances, personal property, or indebtedness is equal to the
12 proportion that the number of students in average daily attendance
13 in the restored district bears to the number of students in average
14 daily attendance in the consolidated district.

15 Sec. 36.255. FUND BALANCES. Fund balances of a school
16 district consolidated under this subchapter may be used only for
17 the benefit of the schools within the district that generated the
18 funds.

19 Sec. 36.256. EMPLOYMENT CONTRACTS. A consolidated district
20 created under this subchapter shall honor an employment contract
21 entered into by a consolidating district.

22 Sec. 36.257. APPLICATION OF SMALL AND SPARSE ADJUSTMENTS AND
23 TRANSPORTATION ALLOTMENT. The budget of the consolidated district
24 must apply the benefit of the adjustment or allotment to the
25 schools of the consolidating district to which Section 16.103,
26 16.104, or 16.156 would have applied in the event that the
27 consolidated district still qualifies as a small or sparse

1 district.

2 SECTION 1.02. (a) Section 18.03(a), Education Code, is
3 amended to read as follows:

4 (a) A county-unit system may not be adopted under this
5 chapter after May 1, 1993. A system purportedly created after that
6 date is dissolved September 1, 1993. This subsection does not
7 affect the existence or operation of a county-unit system adopted
8 before that date. [Any-county-in-this-state-may,--at-an-election
9 called-for-that-purpose-under-the-provisions-of-this-chapter-and-to
10 the-extent-herein-provided,--adopt-a-county-unit-system-of-education
11 for-the-purpose-of-levying,--assessing,--and--collecting--a--school
12 equalization--tax-and-for-such-other-administrative-purposes-as-are
13 authorized-in-this-chapter-]

14 (b) Sections 18.04, 18.21, 18.22, 18.23, 18.24, and 18.31,
15 Education Code, are repealed.

16 SECTION 1.03. (a) Notwithstanding any provision of Chapter
17 36, Education Code, as added by this Act, this section applies to
18 actions in 1993 to achieve the equalized wealth level.

19 (b) The commissioner shall make the determinations of wealth
20 per student not later than August 30, 1993. The commissioner may
21 use wealth and weighted student data from the current year or the
22 preceding school year for purposes of those determinations. The
23 commissioner shall immediately notify each district that exceeds
24 the equalized wealth level and each district with which the
25 commissioner intends to consolidate that district under Subchapter
26 G, Chapter 36, Education Code, as added by this Act.

27 (c) Notwithstanding Section 36.006(b), Education Code, as

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1 added by this Act, if on November 8, 1993, a school district
2 notified under Section 36.004(a)(1), Education Code, as added by
3 this Act, has not exercised one or more options under Section
4 36.003, Education Code, as added by this Act, that reduce the
5 district's wealth per student to a level equal to or less than the
6 equalized wealth level, the commissioner of education not later than November 8, 1993, shall order
7 detachment of territory as provided by Subchapter G, Chapter 36,
8 Education Code, as added by this Act. If detachment under that
9 subchapter will not reduce the district's wealth per student to a
10 level equal to or less than the equalized wealth level, the
11 commissioner of education shall order the consolidation of the
12 district with one or more other districts as provided by Subchapter
13 H, Chapter 36, Education Code, as added by this Act.

14 ~~SECTION 1.04. Notwithstanding Section 36.000(b), Education~~
15 ~~Code, as added by this Act, for the 1993-1994 school year, the~~
16 ~~commissioner of education shall ensure that each school district~~
17 ~~having a wealth per student exceeding the equalized wealth level~~
18 ~~established by Section 36.002(a), Education Code, as added by this~~
19 ~~Act, is given until at least the third day following the latest day~~
20 ~~on which elections may be held under Subchapter A, Chapter 36,~~
21 ~~Education Code, as added by this Act, to successfully exercise an~~
22 ~~option that reduces the district's wealth per student to a level~~
23 ~~equal to or less than the equalized wealth level.~~

24 SECTION 1.05. This article takes effect immediately.

25 ARTICLE 2

26 SECTION 2.01. Chapter 16, Education Code, is reenacted and
27 amended to read as follows:

CHAPTER 16. FOUNDATION SCHOOL PROGRAM

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 16.001. STATE POLICY. (a) It is the policy of the State of Texas that the provision of public education is a state responsibility and that a thorough and efficient system be provided and substantially financed through state revenue sources so that each student enrolled in the public school system shall have access to programs and services that are appropriate to his or her educational needs and that are substantially equal to those available to any similar student, notwithstanding varying local economic factors.

(b) The public school finance system of the State of Texas shall adhere to a standard of neutrality which provides for substantially equal access to similar revenue per student at similar tax effort, considering all state and local tax revenues of districts after acknowledging all legitimate student and district cost differences.

Sec. 16.002. PURPOSE OF FOUNDATION SCHOOL PROGRAM. (a) The purposes of the Foundation School Program set forth in this chapter are to guarantee that each school district in the state has:

(1) adequate resources to provide each eligible student a basic instructional program and facilities suitable to the student's educational needs; and

(2) access to a substantially equalized program of financing in excess of basic costs for certain services, as provided by this chapter.

(b) The Foundation School Program consists of two tiers to

1 provide for the purposes specified by Subsection (a) of this
2 section. The first tier guarantees sufficient financing for all
3 school districts to provide a basic program of education that meets
4 accreditation and other legal standards. The second tier provides
5 a guaranteed yield system of financing to provide all school
6 districts with substantially equal access to funds to provide an
7 enriched program and additional funds for facilities.

8 Sec. 16.003. STUDENT ELIGIBILITY. (a) A student is
9 entitled to the benefits of the Foundation School Program if he is
10 5 years of age or older and under 21 years of age at the beginning
11 of the scholastic year and has not graduated from high school.

12 (b) A student to whom Subsection (a) of this section does
13 not apply is entitled to the benefits of the Foundation School
14 Program if the student is enrolled in a prekindergarten class under
15 Section 21.136 of this code.

16 (c) The commissioner of education, in consultation with the
17 Commissioner of Human Services, shall monitor and evaluate
18 prekindergarten programs in the State of Texas as to their
19 developmental appropriateness. Furthermore, the commissioner of
20 education, in consultation with the Commissioner of Human Services,
21 shall evaluate the potential for coordination on a statewide basis
22 of prekindergarten programs with government-funded early childhood
23 care and education programs such as child care administered under
24 Chapter 44 of the Human Resources Code and federal Head Start
25 programs. This evaluation shall utilize recommendations contained
26 in the report to the 71st Legislature required by Chapter 717, Acts
27 of the 70th Legislature, Regular Session, 1987. For the purpose of

1 providing cost-effective care for children during the full work day
2 with developmentally appropriate curriculum, the commissioners
3 shall investigate the use of existing child care program sites as
4 prekindergarten sites. Following the evaluation required by this
5 section, the commissioners, in cooperation with school districts
6 and other program administrators, shall integrate programs, staff,
7 and program sites for prekindergarten, child care, and federal Head
8 Start programs to the greatest extent possible.

9 (d) A child may be enrolled in the first grade if he is at
10 least six years of age at the beginning of the scholastic year or
11 has been enrolled in the first grade or has completed kindergarten
12 in the public schools in another state prior to transferring to a
13 Texas public school.

14 Sec. 16.005. ADMINISTRATION OF THE PROGRAM. The
15 commissioner of education, in accordance with the rules of the
16 State Board of Education, shall take such action and require such
17 reports consistent with the terms of this chapter as may be
18 necessary to implement and administer the Foundation School
19 Program.

20 Sec. 16.006. AVERAGE DAILY ATTENDANCE. (a) In this
21 chapter:

22 (1) for the 1993-1994 and 1994-1995 school years,
23 average daily attendance is determined by the daily attendance as
24 averaged each month of the minimum school year as described under
25 Section 16.052(a); and

26 (2) for the 1995-1996 school year and each year
27 thereafter, average daily attendance is the quotient of the sum of

1 attendance for each day of the minimum school year as described
2 under Section 16.052(a) and for each day approved by the
3 commissioner of education for an extended year program under
4 Section 21.562 divided by the number of days in the minimum school
5 year [of-this-code].

6 (b) A school district that experiences a decline of two
7 percent or more in average daily attendance as a result of the
8 closing or reduction in personnel of a military base shall be
9 funded on the basis of the actual average daily attendance of the
10 immediately preceding school year.

11 (c) The commissioner of education shall adjust the average
12 daily attendance of school districts that have a significant
13 percentage of students whose parent or guardian is a migrant
14 worker. For the purposes of this subsection, "migrant worker" has
15 the meaning assigned by Section 35.029 of this code.

16 (d) The commissioner may adjust the average daily attendance
17 of a school district in which a disaster, flood, extreme weather
18 condition, fuel curtailment, or other calamity has a significant
19 effect on the district's attendance.

20 Sec. 16.007. PUBLIC EDUCATION INFORMATION MANAGEMENT SYSTEM
21 (PEIMS). (a) Each school district [~~and--each--county--education~~
22 ~~district~~] shall participate in the Public Education Information
23 Management System (PEIMS) and shall provide through that system
24 information required for the administration of this chapter and of
25 other appropriate provisions of this code.

26 (b) Each school district shall use a uniform accounting
27 system adopted by the commissioner of education for the data

1 required to be reported for the Public Education Information
2 Management System.

3 (c) Annually, the commissioner of education shall review the
4 Public Education Information Management System and shall repeal or
5 amend rules that require school districts to provide information
6 through the Public Education Information Management System that is
7 not necessary or useful. In reviewing and revising the Public
8 Education Information Management System, the commissioner shall
9 develop rules to ensure that the system provides useful, accurate,
10 and timely information on student demographics and academic
11 performance, personnel, and school district finances. [The-Central
12 Education-Agency-shall-report-annually-to-the-Legislative-Education
13 Board--the-financial-status-of-each-county-education-district--The
14 report-shall-include-the-total-state-and-local--education--revenues
15 for-each-tier-of-the-Foundation-School-Program.]

16 Sec. 16.008. EQUALIZED FUNDING ELEMENTS. (a) The
17 Legislative Education Board shall adopt rules, subject to
18 appropriate notice and opportunity for public comment, for the
19 calculation for each year of a biennium of the qualified funding
20 elements under Section 16.256(e) of this code necessary to achieve
21 the state policy under Section 16.001 of this code not later than
22 the 1994-1995 school year and for each school year thereafter.

23 (b) Not [Beginning--in--1992,--not] later than October 1
24 preceding each regular session of the legislature, the board shall
25 report the equalized funding elements to the foundation school fund
26 budget committee, the commissioner of education, and the
27 legislature.

[Sec.--16.009.--REVENUE--LIMIT.---(a)--The-revenue-limit-is-an amount-equal-to-110-percent-of-the-amount-of-state-and-local--funds guaranteed--under--the--Foundation--School--Program--per-student-in weighted-average-daily-attendance-to--each--school--district--at--a total--tax--rate--of--\$0.25-per-\$100-of-taxable-value-of-property-as calculated-for-the-1994-1995-school-year.]

[(b)--Not-later-than-April-15,-the-commissioner-of--education shall--estimate--the-revenue-limit-for-each-school-district-for-the current-school-year-and-shall-certify-that-amount--to--each--school district.]

[(c)--Not--later-than-August-15-of-each-year-the-commissioner of-education-shall-determine-as-nearly-as-possible-for-the--current school-year:]

[(1)--the--total--amount--of--state-and-local-funds-per student-in-weighted-average--daily--attendance--available--in--each school-district;-and

[(2)--the--total--amount--of--state-and-local-funds-per student-in-weighted-average--daily--attendance--required--for--debt service-in-each-school-district.]

[(d)--The--commissioner--shall--determine-the-total-number-of students-in-weighted-average-daily-attendance-in--school--districts in-which-the-amount-specified-in-Subsection-(c)(1)-of-this-section, less--the--amount--specified--in-Subsection-(c)(2)-of-this-section, exceeds-the-revenue-limit.]

[(e)--If-the-total-number-of--students--in--weighted--average daily--attendance--in--districts--with--state--and--local--revenues exceeding--the--revenue--limit-equals-or-exceeds-two-percent-of-the

total-number-of-students-in-weighted-average-daily--attendance--for
the--current--school--year;--no-school-district-may-levy-a-tax-at-a
rate-that-would-result-in-an--amount--of--state--and--local--funds;
excluding--funds--required-for-debt-service;--during-the-next-school
year-that-exceeds-the-revenue-limit;--except--that--those--districts
exceeding--the--revenue--limit--may-maintain-during-the-next-school
year-the-total-amount-of-state--and--local--funds--per--student--in
weighted-average-daily-attendance-for-the-current-school-year;--The
commissioner--shall--notify--those--districts-in-which-revenues-are
subject-to-the-limitation-imposed-in-this-subsection;

[(f) --In this section:

[(1) --"Weighted-student-in--average--daily--attendance"
has-the-meaning-assigned-in-Section-16.302-of-this-code.

[(2) --"Taxable--value--of--property"--has--the--meaning
assigned-in-Section-11.86-of-this-code.

[Sec.-16.010.--DEFINITION:-----In---this---chapter;--"school
district"--does-not--include--a--county--education--district--unless
expressly-included;

[Sec.-16.011.--NOTICE--OF--YIELDS--TO-BE-PUBLISHED:--(a)--Not
earlier-than-the-30th-day-or-later-than-the-seventh-day-before--the
date--of--adopting--a--tax-rate-for-the-years-1991;--1992;--1993;--and
1994;--a-school-district-shall-publish-the-following--notice;--using
the-yields-and-tax-rates-certified-by-the-commissioner;

["NOTICE-OF-COMPARABLE-TAX-RATES-AND-REVENUES

["The--legislature-has-enacted-a-statute-on-school-funding-to
comply-with-a--court--mandate--enforcing--the--state--constitution;
Under-prior-statutes;--the-tax-rate-for-last-year-provides-----per

student-in-state-and-local-revenues.--Under-this-statute,--that-same
rate-now-provides-----per-student-in-state-and-local-revenues.

["State--law--only--requires--a-minimum-tax-rate-of-----for
county-education-districts.--State-law-does-not--require--a--school
district-to-adopt-additional-taxes.--Neither-does-state-law-require
a-school-district-to-adopt-a-tax-rate-that-maximizes-the-receipt-of
state-funds.

["The--board--of-trustees-of-the-----School-District-hereby
gives-notice-that-it-is-considering-the-adoption-of-a-tax--rate--of
-----that--will--provide-----per--student--in-state-and-local
revenues."

[(b) --If-a-district-is-required-to-give-public--notice--of--a
hearing--under--Section--26:06,--Tax--Code,--the-notice-described-by
Subsection-(a)-of-this-section-may--be--included--in--the--required
notice-under-Section-26:06,--Tax--Code.

[(c) --The--notice-described-by-Subsection-(a)-of-this-section
shall--be--published--in--the--two--newspapers--with--the--largest
circulation-within-the-school-district-unless-only-one-newspaper-is
in--general-circulation-within-the-district.--The-notice-may-not-be
smaller-than-one-quarter-page-of-a-standard-size-or-a--tabloid-size
newspaper,--and-the-headline-must-be-18-point-or-larger-type.

[(d) --The--notice-described-by-Subsection-(a)-of-this-section
must-also-be-included-in-the--tax--bill--or--a--separate--statement
accompanying-the-tax-bill.

[(e) --The--commissioner--shall--adopt-rules-to-implement-this
section.

[(f) --This-section-expires-January-1,--1995.]

1 SUBCHAPTER B. REQUIREMENTS FOR DISTRICT PARTICIPATION IN THE
2 FOUNDATION SCHOOL PROGRAM FUND

3 Sec. 16.051. REQUIRED COMPLIANCE. In order to receive
4 financial support from the Foundation School Fund, a school
5 district must comply with the standards set forth in this
6 subchapter.

7 Sec. 16.052. OPERATION OF SCHOOLS; TEACHER PREPARATION AND
8 STAFF DEVELOPMENT. (a) Each school district must provide for not
9 less than 180 days of instruction for students and not less than
10 three days of preparation for teachers for each school year, except
11 as provided in Subsection (c) of this section.

12 (b) Each school district must provide for not less than 20
13 hours of staff development training under guidelines provided by
14 the commissioner of education. The training provided must include
15 technology training and must occur during regular hours of required
16 teacher service. On the request of a teacher, a school district
17 may credit the teacher compensatory time to be applied toward the
18 number of training hours required under this subsection for
19 workshops, conferences, or other professional training that the
20 teacher has attended.

21 (c) The commissioner of education may approve the operation
22 of schools for less than the number of days of instruction and
23 teacher preparation otherwise required when disasters, floods,
24 extreme weather conditions, fuel curtailments, or other calamities
25 have caused the closing of the school.

26 (d) Each school district may reserve three hours of the
27 first preparation day provided each school year under Subsection

1 (a) of this section for faculty staff meetings.

2 (e) The staff development required by this section must be
3 predominantly campus-based, for the purpose of improving student
4 achievement, and planned with the involvement of the campus school
5 committee established under Section 21.931 of this code. Campus
6 staff development may include activities that enable the campus
7 staff to plan together, to enhance existing skills, to share
8 effective strategies, to reflect on curricular and instructional
9 issues, to analyze student achievement results, to reflect on means
10 of increasing student achievement, to study research, to practice
11 new methods, to identify students' strengths and needs, to develop
12 meaningful programs for students, to appropriately implement
13 site-based decision making, and to conduct action research. Staff
14 development activities may include study teams, individual
15 research, peer coaching, workshops, seminars, conferences, and
16 other reasonable activities that have the potential to improve
17 student achievement.

18 Sec. 16.053. ACCREDITATION. Each school district must be
19 accredited by the Central Education Agency.

20 Sec. 16.054. STUDENT/TEACHER RATIOS; CLASS SIZE.

21 (a) Except as provided by Subsection (b) of this section, each
22 school district must employ a sufficient number of certified
23 teachers to maintain an average ratio of not less than one teacher
24 for each 20 students in average daily attendance.

25 (b) A school district may not enroll more than 22 students
26 in a kindergarten, first, second, third, or fourth grade class.
27 This requirement shall not apply during the last 12 weeks of any

1 school year.

2 (c) In determining the number of students to enroll in any
3 class, a district shall consider the subject to be taught, the
4 teaching methodology to be used, and any need for individual
5 instruction.

6 (d) On application of a school district, the commissioner
7 may except the district from the limits in Subsection (b) of this
8 section if the commissioner finds the limits work an undue hardship
9 on the district. An exception expires at the end of the semester
10 for which it is granted, and the commissioner may not grant an
11 exception for more than one semester at a time.

12 (e) The commissioner shall report to the legislature each
13 biennium regarding compliance with this section. The report must
14 include:

15 (1) a statement of the number of school districts
16 granted an exception under Subsection (d) of this section; and

17 (2) an estimate of the total cost incurred by school
18 districts in that biennium in complying with this section.

19 Sec. 16.055. COMPENSATION OF PROFESSIONAL AND
20 PARAPROFESSIONAL PERSONNEL. (a) A school district must pay each
21 employee who is qualified for and employed in a position classified
22 under the Texas Public Education Compensation Plan set forth in
23 Section 16.056 of this chapter not less than the minimum monthly
24 base salary, plus increments for teaching experience, specified for
25 the position.

26 (b) Contracts for personnel shall be made on the basis of a
27 minimum of 10 months' service, which must include the number of

1 days of instruction for students and days of preparation for
2 personnel required by Section 16.052 of this code. The days of
3 preparation required herein shall be conducted by local boards of
4 education under rules and regulations established by the State
5 Board of Education that are consistent with the state accreditation
6 standards for program planning, preparation, and improvement.
7 Personnel employed for more than 10 months shall be paid not less
8 than the minimum monthly base pay plus increments for experience
9 for each month of actual employment. Personnel employed for 11
10 months at pay grades 1-11 must render 202 days of service, and
11 personnel employed for 12 months at pay grades 1-11 must render 220
12 days of service. Personnel employed for 11 months at pay grades
13 12-18 must render 207 days of service, and personnel employed for
14 12 months at pay grades 12-18 must render 226 days of service.
15 However, the number of days of service required by this subsection
16 may be reduced by the commissioner under Section 16.052(c) of this
17 code, and the reduction shall not reduce the total salaries of
18 personnel.

19 (c) Notwithstanding Subsection (b) of this section, a
20 vocational agriculture teacher employed for 12 months shall render
21 226 days of service regardless of pay grade.

22 Sec. 16.056. TEXAS PUBLIC EDUCATION COMPENSATION PLAN.

23 (a) School district personnel who are qualified for and employed
24 in positions described in Subsection (d) of this section shall be
25 paid not less than the monthly base salary, plus increments for
26 teaching experience, set forth in Subsection (c) of this section,
27 or greater amounts provided by appropriation.

(b) Each individual shall advance one step per each year of experience until step 10 is reached. For each year, up to a maximum of two years, of work experience required for certification in a vocational field, a vocational teacher who is certified in that field is entitled to salary step credit as if the work experience were teaching experience.

(c) SALARY SCHEDULE BY STEPS

| 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|------|------|------|------|------|------|------|------|------|------|------|
| 1700 | 1814 | 1928 | 2042 | 2156 | 2270 | 2384 | 2498 | 2612 | 2726 | 2840 |

(d) The following positions are entitled to the minimum monthly salary set by Subsection (c) of this section for the number of annual contract months specified:

| No. | Months Paid | Class Title |
|-----|-------------|--|
| 10 | | Nurse, R.N. and/or Bachelor's Degree |
| 10 | | Special Education Related Service Personnel (other than Occupational or Physical Therapist), Bachelor's Degree |
| 10 | | Teacher, Bachelor's Degree |
| 10 | | Vocational Teacher, Bachelor's Degree and/or Certified in Field |
| 11 | | Librarian I, Bachelor's Degree |
| 12 | | |
| 10 | | |

S.B. No. 7

| | | |
|----|----|---------------------------|
| 1 | 10 | Visiting Teacher I, |
| 2 | | Psychological Associate, |
| 3 | | Bachelor's Degree |
| 4 | 10 | Special Education Related |
| 5 | | Service Personnel (other |
| 6 | | than Occupational or |
| 7 | | Physical Therapist), |
| 8 | | Master's Degree |
| 9 | 10 | Teacher, Master's Degree |
| 10 | 10 | Vocational Teacher, |
| 11 | 11 | Master's Degree |
| 12 | 12 | |
| 13 | 10 | Librarian II, Master's |
| 14 | | Degree |
| 15 | 10 | Physician, M.D. |
| 16 | 10 | Teacher, Bachelor of Laws |
| 17 | | or Doctor of Jurispru- |
| 18 | | dence Degree |
| 19 | 10 | Teacher, Doctor's Degree |
| 20 | 10 | Special Duty Teacher, |
| 21 | | Master's Degree |
| 22 | 10 | Occupational Therapist |
| 23 | 10 | Physical Therapist |
| 24 | 10 | Educational Diagnostician |
| 25 | 10 | Visiting Teacher II, |
| 26 | | Master's Degree |
| 27 | 10 | Counselor I, Psychologist |

| | | |
|----|----|----------------------------|
| 1 | 10 | School Social Worker |
| 2 | 10 | Supervisor I |
| 3 | 10 | Part-time Principal--11 or |
| 4 | | fewer teachers on campus |
| 5 | 10 | Instructional/Administra- |
| 6 | | tive Officer I |
| 7 | 10 | Assistant Principal--20 or |
| 8 | | more teachers on campus |
| 9 | 10 | Instructional/Administra- |
| 10 | | tive Officer II |
| 11 | 11 | Principal--19 or fewer |
| 12 | | teachers on campus |
| 13 | 10 | Instructional/Administra- |
| 14 | | tive Officer III |
| 15 | 11 | Principal--20-49 teachers |
| 16 | | on campus |
| 17 | 11 | Instructional/Administra- |
| 18 | | tive Officer IV |
| 19 | 11 | Principal--50-99 teachers |
| 20 | | on campus |
| 21 | 12 | Principal--100 or more |
| 22 | | teachers on campus |
| 23 | 12 | Instructional/Administra- |
| 24 | | tive Officer V |
| 25 | 12 | Instructional/Administra- |
| 26 | | tive Officer VI |
| 27 | 12 | Superintendent--District |

| | | |
|----|----|---------------------------|
| 1 | | with 3,000 |
| 2 | | or less ADA |
| 3 | 12 | Instructional/Administra- |
| 4 | | tive Officer VII |
| 5 | 12 | Superintendent--District |
| 6 | | with 3,001-12,500 ADA |
| 7 | 12 | Instructional/Administra- |
| 8 | | tive Officer VIII |
| 9 | 12 | Superintendent--District |
| 10 | | with 12,501-50,000 ADA |
| 11 | 12 | Superintendent--District |
| 12 | | with 50,000 or more ADA |

13 (e) With the approval of the State Board of Education, the
 14 commissioner of education may add additional positions and months
 15 of service to the Texas Public Education Compensation Plan to
 16 reflect curriculum and program changes authorized by law. With the
 17 approval of the board, the commissioner shall also develop policies
 18 for the implementation and administration of the compensation plan.

19 (f) Each person employed in the public schools of this state
 20 who is an educational aide, teacher trainee, or nondegree teacher
 21 or who is assigned to a position classified under the Texas Public
 22 Education Compensation Plan must be certified according to the
 23 certification requirements or standards for each position as
 24 established by rule adopted by the State Board of Education.
 25 However, additional certification may not be required of a person
 26 holding a valid state license as a speech language pathologist or

audiologist. Persons other than those holding such a license may only be employed to render such services if an acceptable licensed applicant is not available.

(g) The State Board of Education shall prescribe the general duties and required preparation and education for educational aides, teacher trainees, and nondegree teachers and for the positions listed in Subsection (d) of this section under the circumstances described therein.

(h) In determining the placement of a teacher on the salary schedule under Subsection (c) of this section, a district shall credit the teacher for each year of experience, whether or not the years are consecutive. Notwithstanding the provision of this subsection, no teacher shall be placed on the salary schedule at a step above the step where the teacher would have been placed had that teacher remained in continuous service.

[Sec:-16.057:--CAREER--LADDER-SALARY-SUPPLEMENT:--(a)--Except as-provided-by-Subsection-(c)-of--this--section,--each--teacher--on level--two,--three,--or--four-of-a-career-ladder-is-entitled-to-the following-annual-supplement-in-addition-to-the-minimum--salary--set by-this-subchapter:]

[Level-2-:--:--:--:--:--:--\$2,000

[Level-3-:--:--:--:--:--:--\$4,000

[Level-4-:--:--:--:--:--:--\$6,000

[(b)--If-the-district-pays-more-than-the-state-minimum-salary prescribed--by--this--subchapter,--the--teacher--is-entitled-to-the career-ladder-supplement-in-addition-to-the-amount--otherwise--paid by-the-district-for-the-teacher's-step:]

[(c) -- If the allotment under Section 16.158 of this code that is designated for support of the career ladder will not fully fund the supplements under this section:

[(1) -- the district may reduce the supplements to not less than the following:

[Level 2 ----- \$1,500

[Level 3 ----- \$3,000

[Level 4 ----- \$4,500

or,

[(2) -- provide for stricter performance criteria than that provided under Section 13.302 of this code, subject to the approval of the State Board of Education; or

[(3) -- take action under both Subdivisions (1) and (2) of this subsection.]

SUBCHAPTER C. BASIC ENTITLEMENT

Sec. 16.101. BASIC ALLOTMENT. For each student in average daily attendance, not including the time students spend each day in special education programs in an instructional arrangement other than mainstream or vocational education programs, for which an additional allotment is made under Subchapter D of this chapter, a district is entitled to an allotment of \$2,300 [\$2,200 -- for the 1991-1992 school year, \$2,400 for the 1992-1993 school year, \$2,600 for the 1993-1994 school year, and \$2,800 for the 1994-1995 school year and thereafter] or a greater amount adopted by the foundation school fund budget committee under Section 16.256 of this code [for the 1993-1994 school year and each school year thereafter]. A greater amount for any school year may be provided by

appropriation.

Sec. 16.102. COST OF EDUCATION ADJUSTMENT. (a) The basic allotment for each district is adjusted to reflect the geographic variation in known resource costs and costs of education due to factors beyond the control of the school district. ~~[Except--as provided--by--this--section,--the--adjustment--is--that--provided--under Section--16--206--of--this--code.]~~

(b) The adjustment for the 1993-1994 and 1994-1995 ~~[1991-1992--and--1992-1993]~~ school years is the cost of education index and formula adopted in December 1990 by the foundation school fund budget committee. ~~The~~ ~~[For--the--1991-1992--and--1992-1993--school years,--the]~~ commissioner of education shall recalculate the cost of education index for school districts that are eligible for the adjustment under Section 16.103 of this code, excluding from the computation the calculation for the diseconomies of scale component and substituting a value of 1.00. Beginning with the 1995-1996 school year, the foundation school fund budget committee shall determine the cost of education adjustment under Section 16.256. ~~[This-subsection--expires--September--17--1993.]~~

Sec. 16.103. SMALL DISTRICT ADJUSTMENT. (a) The basic allotment for certain small districts is adjusted in accordance with Subsections (b) and (c) of this section. In this section:

(1) "AA" is the district's adjusted allotment per student;

(2) "ADA" is the number of students in average daily attendance for which the district is entitled to an allotment under Section 16.101 of this code; and

(3) "ABA" is the adjusted basic allotment determined under Section 16.102 of this code.

(b) The basic allotment [~~average--daily--attendance~~] of a school district that contains at least 300 square miles and has not more than 1,600 students in average daily attendance is adjusted by applying the formula:

$$AA = (1 + ((1,600 - ADA) \times .0004)) \times ABA$$

(c) The basic allotment [~~average--daily--attendance~~] of a school district that contains less than 300 square miles and has not more than 1,600 students in average daily attendance is adjusted by applying the formula:

$$AA = (1 + ((1,600 - ADA) \times .00025)) \times ABA$$

~~[(e)--This section expires September 17, 1993.]~~

Sec. 16.1031. USE OF SMALL DISTRICT ADJUSTMENT IN CALCULATING SPECIAL ALLOTMENTS. In determining the amount of a special allotment under Subchapter D of this chapter for a district to which Section 16.103 of this code applies, a district's adjusted basic allotment is considered to be the district's adjusted allotment determined under Section 16.103. ~~[This section expires September 17, 1993.]~~

Sec. 16.104. SPARSITY ADJUSTMENT. Notwithstanding Sections 16.101, 16.102, and 16.103 of this code, a school district that has fewer than 130 students in average daily attendance shall be provided an adjusted basic allotment on the basis of 130 average daily attendance if it offers a kindergarten through grade 12 program and has prior or current year's average daily attendance of at least 90 students or is 30 miles or more by bus route from the

nearest high school district. A district offering a kindergarten through grade 8 program whose prior or current year's average daily attendance was at least 50 students or which is 30 miles or more by bus route from the nearest high school district shall be provided an adjusted basic allotment on the basis of 75 average daily attendance. An average daily attendance of 60 students shall be the basis of providing the adjusted basic allotment if a district offers a kindergarten through grade 6 program and has prior or current year's average daily attendance of at least 40 students or is 30 miles or more by bus route from the nearest high school district. [~~This section expires September 17, 1993.~~]

SUBCHAPTER D. SPECIAL ALLOTMENTS

Sec. 16.151. SPECIAL EDUCATION. (a) For each student in average daily attendance in a special education program under Subchapter N, Chapter 21, in a mainstream instructional arrangement, a school district is entitled to an annual allotment equal to the adjusted basic allotment multiplied by 1.1. For each full-time equivalent student in average daily attendance in a special education program under Subchapter N, Chapter 21, of this code, in an instructional arrangement other than a mainstream instructional arrangement, a district is entitled to an annual allotment equal to the adjusted basic allotment multiplied by a weight determined according to instructional arrangement as follows:

| | |
|----------------------|--------------------------------|
| Homebound | 5.0 |
| Hospital class | <u>3.0</u> [5.0] |
| Speech therapy | <u>5.0</u> [7.11] |

| | | |
|----|---------------------------------------|------------------|
| 1 | Resource room | <u>3.0</u> [2-7] |
| 2 | Self-contained, mild and moderate, | |
| 3 | regular campus | <u>3.0</u> [2-3] |
| 4 | Self-contained, severe, regular | |
| 5 | campus | <u>3.0</u> [3-5] |
| 6 | Self-contained, separate campus | 2.7 |
| 7 | Multidistrict class | <u>2.7</u> [3-5] |
| 8 | Nonpublic day school | <u>1.7</u> [3-5] |
| 9 | Vocational adjustment class | 2.3 |
| 10 | Community class | <u>2.7</u> [3-5] |
| 11 | [Mainstream-----0-25] | |

12 (b) A special instructional arrangement for handicapped
 13 students residing in care and treatment facilities, other than
 14 state schools, whose parents or guardians do not reside in the
 15 district providing education services shall be established under
 16 the rules of the State Board of Education. The funding weight for
 17 this arrangement shall be 4.0 [5-8] for those students who receive
 18 their education service on a local school district campus. A
 19 special instructional arrangement for handicapped students residing
 20 in state schools shall be established under the rules of the State
 21 Board of Education with a funding weight of 2.8 [5-8].

22 (c) Beginning with the 1995-1996 school year, the
 23 self-contained, separate campus; multidistrict class; and community
 24 class instructional arrangements shall be combined into a single
 25 instructional arrangement known as the off home campus
 26 instructional arrangement. For funding purposes, the number of
 27 contact hours credited per day for each student in the off home

1 campus instructional arrangement may not exceed the contact hours
 2 credited per day for the multidistrict class instructional
 3 arrangement in the 1992-1993 school year.

4 (d) Beginning with the 1995-1996 school year, for funding
 5 purposes the contact hours credited per day for each student in the
 6 resource room; self-contained, mild and moderate; and
 7 self-contained, severe, instructional arrangements may not exceed
 8 the average of the statewide total contact hours credited per day
 9 for those three instructional arrangements in the 1992-1993 school
 10 year.

11 (e) The State Board of Education by rule shall prescribe the
 12 qualifications an instructional arrangement must meet in order to
 13 be funded as a particular instructional arrangement under this
 14 section. In prescribing the qualifications that a mainstream
 15 instructional arrangement must meet, the board shall establish
 16 requirements that students with disabilities and their teachers
 17 receive the direct, indirect, and support services that are
 18 necessary to enrich the regular classroom and enable student
 19 success.

20 (f) In this section, "full-time equivalent student" means 30
 21 hours of contact a week between a special education student and
 22 special education program personnel.

23 (g) The State Board of Education shall adopt rules and
 24 procedures governing contracts for residential placement of special
 25 education students. The legislature shall provide by appropriation
 26 for the state's share of the costs of those placements.

27 (h) Funds allocated under this section, other than an

1 indirect cost allotment established under State Board of Education
 2 rule, must be used in the special education program under
 3 Subchapter N, Chapter 21, of this code.

4 (i) In the determination of instructional arrangements for
 5 students in residential instructional arrangements, the State Board
 6 of Education shall develop arrangements that encourage placement of
 7 students in the least restrictive environment appropriate for their
 8 educational needs.

9 (j) The Central Education Agency shall encourage the
 10 placement of students in special education programs in the least
 11 restrictive environment appropriate for their educational needs.
 12 ~~[The--Central--Education--Agency--shall--provide--transitional--support~~
 13 ~~for--the--movement--of--students--from--self-contained--severe--(totally~~
 14 ~~self-contained)--to--self-contained--mild--and--moderate--(partially~~
 15 ~~self-contained)--instructional--arrangements.---For--each---student~~
 16 ~~placed--in--a--partially--self-contained--classroom--who--was--placed--in--a~~
 17 ~~totally--self-contained--classroom--for--at--least--two-thirds--of--the~~
 18 ~~prior--year,--a--district--will--receive--\$2,500.---This--payment--must--be~~
 19 ~~used--to--facilitate--the--placement--of--the--student--in--the--less~~
 20 ~~restrictive--environment--(partially--self-contained--classroom).---A~~
 21 ~~district--may--not--receive--more--than--one--support--payment--for--any~~
 22 ~~individual--student.---This--support--payment--shall--be--forfeited--by--the~~
 23 ~~district--if--the--student--is--returned--to--the--totally--self-contained~~
 24 ~~classroom--instructional--arrangement--within--one--month--of--placement~~
 25 ~~into--the--partially--self-contained--classroom--or--within--one--year--of~~
 26 ~~initial--reclassification--without--adequate--justification.]~~

27 (k) A school district that maintains for two successive

1 years a ratio of full-time equivalent students placed in partially
 2 or totally self-contained classrooms to the number of full-time
 3 equivalent students placed in resource room or mainstream
 4 instructional arrangements [~~partially--self-contained--classrooms~~]
 5 that is 25 percent higher than the statewide average ratio shall be
 6 reviewed by the Central Education Agency to determine the
 7 appropriateness of student placement. The commissioner of
 8 education may reduce the special education allotment the district
 9 receives to the level to which the district would be entitled if
 10 the district's ratio was not more than 25 percent higher than the
 11 statewide average ratio. [~~To the extent that there are net cost~~
 12 ~~savings to the state resulting from the movement of students from~~
 13 ~~totally self-contained to partially self-contained, as provided in~~
 14 ~~Subsection (j) of this section, those net savings will be directed~~
 15 ~~to regional education service centers to provide technical~~
 16 ~~assistance in accordance with Section 11-33(c) of this code~~
 17 ~~regarding the movement of students to less restrictive environments~~
 18 ~~to those school districts whose ratio of full-time equivalent~~
 19 ~~students placed in totally self-contained classrooms is 25 percent~~
 20 ~~higher than the statewide average.~~]

21 (1) A school district that provides an extended year program
 22 required by federal law for special education students who may
 23 regress is entitled to receive funds in an amount equal to 75
 24 percent, or a lesser percentage determined by the commissioner of
 25 education, of the adjusted basic allotment or adjusted allotment,
 26 as applicable, for each full-time equivalent student in average
 27 daily attendance, multiplied by the amount designated for the

1 student's instructional arrangement under this section, for each
 2 day the program is provided divided by the number of days in the
 3 minimum school year. The total amount of state funding for
 4 extended year services under this section may not exceed \$10
 5 million per year. A school district may use funds received under
 6 this section only in providing an extended year program [student-in
 7 a-mainstream-instructional-arrangement-who-is-not-also--in--another
 8 instructional--arrangement--as--provided--in-Subsection-(a)-of-this
 9 section-is-provided-the-support-necessary-for-the-student-to-remain
 10 in--the--regular--classroom,---This--support--may--include--related
 11 services-as--defined--in--Section--21.502--of--this--code,--special
 12 teaching,--or-other-special-education-support-services-while-in-the
 13 regular-classroom].

14 (m) From the total amount of funds appropriated for special
 15 education under this section, the commissioner of education shall
 16 withhold an amount specified in the General Appropriations Act,
 17 which for the 1994-1995 biennium may not exceed \$2 million, and
 18 distribute that amount to school districts for programs under
 19 Section 21.513. The program established under that section is
 20 required only in school districts in which the program is financed
 21 by funds distributed under this section and any other funds
 22 available for the program. After deducting the amount withheld
 23 under this subsection from the total amount appropriated for
 24 special education, the commissioner of education shall reduce each
 25 district's allotment proportionately and shall allocate funds to
 26 each district accordingly.

27 Sec. 16.152. COMPENSATORY EDUCATION ALLOTMENT. (a) For

each student who is educationally disadvantaged or who is a nonhandicapped student residing in a residential placement facility in a district in which the student's parent or legal guardian does not reside, a district is entitled to an annual allotment equal to the adjusted basic allotment multiplied by 0.2, and by 2.41 for each full-time equivalent student who is in a remedial and support program under Section 21.557 of this code because the student is pregnant.

(b) For purposes of this section, the number of educationally disadvantaged students is determined by averaging the best six months' enrollment in the national school lunch program of free or reduced-price lunches for the preceding school year.

(c) Funds allocated under this section, other than an indirect cost allotment established under State Board of Education rule, which shall not exceed 15 percent, must be used in providing remedial and compensatory education programs under Section 21.557 of this code, and the district must account for the expenditure of state funds by program and by campus. Funds allocated under this section, other than the indirect cost allotment, shall only be expended to improve and enhance programs and services funded under the regular education program.

(d) The Central Education Agency shall evaluate the effectiveness of remedial and support programs provided under Section 21.557 of this code for students at risk of dropping out of school.

(e) A school district in which the actual dropout rate in any school year exceeds the state's dropout rate goal for that year

1 under Subsection (a) of Section 11.205 of this code shall, for the
2 school year immediately following that school year, allocate a
3 percentage of the district's allotment under this section to
4 remedial and support programs under Section 21.557 of this code for
5 students at risk of dropping out of school. The percentage
6 allocated to those programs must be at least equal to the state's
7 actual dropout rate for the preceding year. The programs must be
8 programs authorized by the State Board of Education. The Central
9 Education Agency shall provide to the district technical assistance
10 in reducing the district's dropout rate. At the request of a
11 district, the commissioner of education may exempt the district
12 from the requirements of this section if the commissioner finds
13 that special circumstances in the district merit the exemption.

14 (f) The commissioner of education may:

15 (1) retain a portion of the total amount allotted
16 under Subsection (a) of this section that the commissioner
17 considers appropriate to finance pilot programs under Section
18 11.191 of this code and to finance intensive remedial instruction
19 programs and study guides provided under Sections 21.552(b) and (c)
20 of this code; and

21 (2) reduce each district's tier one allotments in the
22 same manner described for a reduction in allotments under Section
23 16.254 [allotment-proportionately].

24 (g) From the total amount of funds appropriated for
25 allotments under this section, the commissioner of education shall,
26 each fiscal year, withhold the amount of \$10,000,000 and distribute
27 that amount for programs under Section 21.114 of this code. The

1 program established under that section is required only in school
 2 districts in which the program is financed by funds distributed
 3 under this section and any other funds available for the program.

4 (h) The commissioner of education shall coordinate the funds
 5 withheld under Subsection (g) of this section and any other funds
 6 available for the program and shall distribute those funds. To
 7 receive funds for the program, a school district must apply to the
 8 commissioner. The commissioner shall give a preference to the
 9 districts that apply that have the highest concentration of
 10 students who are pregnant or who are parents.

11 (i) The commissioner of education shall withhold funds
 12 allocated under this section to a district that fails to timely
 13 prepare or make available on request of a member of the general
 14 public the report required under Section 21.557(i) of this code.
 15 The commissioner may restore withheld funds only when the
 16 commissioner is satisfied that the district has provided the
 17 information requested.

18 (j) ~~[(f)]~~ After deducting the amount withheld under
 19 Subsection (g) of this section from the total amount appropriated
 20 for the allotment under Subsection (a) of this section, the
 21 commissioner of education shall reduce each district's tier one
 22 allotments in the same manner described for a reduction in
 23 allotments under Section 16.254 ~~[allotment--under--Subsection--(a)~~
 24 ~~proportionately]~~ and shall allocate funds to each district
 25 accordingly.

26 (k) ~~[(f)]~~ From the total amount of funds appropriated for
 27 allotments under this section, the commissioner of education shall,

each fiscal year, withhold the amount of \$5,000,000 and distribute that amount for programs under Subchapter V, Chapter 21, of this code. A program established under that subchapter is required only in school districts in which the program is financed by funds distributed under this section or other funds distributed by the commissioner for a program under that subchapter.

(1) [†k†] The commissioner of education shall coordinate the funds withheld under Subsection (k) [†j†] of this section and any other funds available for the program and shall distribute those funds. To receive funds for the program, a school district must apply to the commissioner. The commissioner shall give a preference to the districts that apply that have the highest concentration of at-risk students. For each school year that a school district receives funds under this section, the district shall allocate an amount of local funds for school guidance and counseling programs that is equal to or greater than the amount of local funds that the school district allocated for that purpose during the preceding school year.

(m) [†l†] After deducting the amount withheld under Subsection (k) [†j†] of this section from the total amount appropriated for the allotment under Subsection (a) of this section, the commissioner of education shall reduce each district's tier one allotments in the same manner described for a reduction in allotments under Section 16.254 [allotment-under-Subsection-(a)--on a-per-pupil-basis].

(n) From the total amount of funds appropriated for allotments under this section, the commissioner of education may

1 withhold an amount not exceeding \$1 million each fiscal year and
2 distribute the funds to school districts that incur unanticipated
3 expenditures resulting from a significant increase in the
4 enrollment of nonhandicapped students who reside in residential
5 placement facilities.

6 (o) After deducting the amount withheld under Subsection (n)
7 from the total amount appropriated for the allotment under
8 Subsection (a), the commissioner of education shall reduce each
9 district's allotment under Subsection (a) proportionately.

10 Sec. 16.153. BILINGUAL EDUCATION ALLOTMENT. (a) For each
11 student in average daily attendance in a bilingual education or
12 special language program under Subchapter L, Chapter 21, of this
13 code, a district is entitled to an annual allotment equal to the
14 adjusted basic allotment multiplied by 0.1.

15 (b) Funds allocated under this section, other than an
16 indirect cost allotment established under State Board of Education
17 rule, must be used in providing bilingual education or special
18 language programs under Subchapter L, Chapter 21, of this code.

19 (c) A district's bilingual education or special language
20 allocation may be used only for program and pupil evaluation,
21 instructional materials and equipment, staff development,
22 supplemental staff expenses, salary supplements for teachers, and
23 other supplies required for quality instruction and smaller class
24 size.

25 Sec. 16.155. VOCATIONAL EDUCATION ALLOTMENT. (a) For each
26 full-time equivalent student in average daily attendance in an
27 approved vocational education program in grades nine through 12 or

1 in vocational education for the handicapped programs in grades
2 seven through 12, a district is entitled to an annual allotment
3 equal to the adjusted basic allotment multiplied by a weight of
4 1.37.

5 (b) In this section, "full-time equivalent student" means 30
6 hours of contact a week between a student and vocational education
7 program personnel.

8 (c) Funds allocated under this section, other than an
9 indirect cost allotment established under State Board of Education
10 rule, must be used in providing vocational education programs in
11 grades nine through 12 or vocational education for the handicapped
12 programs in grades seven through 12 under the provisions of
13 Sections 21.111, 21.1111, and 21.112 of this code.

14 (d) The indirect cost allotment established under board
15 rules shall first be effective for the 1991-1992 school year
16 consistent with the weight effective that year.

17 (e) The commissioner shall conduct a cost-benefit comparison
18 between vocational education programs and mathematics and science
19 programs.

20 (f) [~~th~~] Out of the total statewide allotment for
21 vocational education under this section, the commissioner of
22 education shall set aside an amount specified in the General
23 Appropriations Act, which may not exceed an amount equal to one
24 percent of the total amount appropriated, to support regional
25 vocational education planning committees established under Section
26 21.115(b) of this code. After deducting the amount set aside under
27 this subsection from the total amount appropriated for vocational

education under this section, the commissioner shall reduce each district's tier one allotments [allotment] in the same manner described for a reduction in allotments [state-funds] under Section 16.254 [~~16.254(d)~~] of this code.

Sec. 16.156. TRANSPORTATION ALLOTMENT. (a) Each district or county operating a transportation system is entitled to allotments for transportation costs as provided by this section.

(b) As used in this section:

(1) "Regular eligible pupil" means a pupil who resides two or more miles from his or her campus of regular attendance, measured along the shortest route that may be traveled on public roads, and who is not classified as an eligible handicapped pupil.

(2) "Eligible handicapped pupil" means a pupil who is handicapped as defined in Section 21.503 of this code and who would be unable to attend classes without special transportation services.

(3) "Linear density" means the average number of regular eligible pupils transported daily, divided by the approved daily route miles traveled by the respective transportation system.

(c) Each district or county operating a regular transportation system is entitled to an allotment based on the daily cost per regular eligible pupil of operating and maintaining the regular transportation system and the linear density of that system. In determining the cost, the commissioner shall give consideration to factors affecting the actual cost of providing these transportation services in each district or county. The average actual cost is to be computed by the commissioner of

1 education and included for consideration by the Foundation School
2 Fund Budget Committee and the legislature in the General
3 Appropriations Act. The allotment per mile of approved route may
4 not exceed the amount set by appropriation.

5 (d) A district or county may apply for and on approval of
6 the commissioner of education receive an additional amount of up to
7 10 percent of its regular transportation allotment to be used for
8 the transportation of children living within two miles of the
9 school they attend who would be subject to hazardous traffic
10 conditions if they walked to school. Each board of trustees shall
11 provide to the commissioner the definition of hazardous conditions
12 applicable to that district and shall identify the specific
13 hazardous areas for which the allocation is requested. A hazardous
14 condition exists where no walkway is provided and children must
15 walk along or cross a freeway or expressway, an underpass, an
16 overpass or a bridge, an uncontrolled major traffic artery, an
17 industrial or commercial area, or another comparable condition.

18 (e) The [state] commissioner of education may grant an
19 amount set by appropriation for private or commercial
20 transportation for eligible pupils from isolated areas. The need
21 for this type of transportation grant shall be determined on an
22 individual basis and the amount granted shall not exceed the actual
23 cost. The grants shall be made only in extreme hardship cases, and
24 no grants shall be made if the pupils live within two miles of an
25 approved school bus route.

26 (f) The cost of transporting vocational education students
27 from one campus to another inside a district or from a sending

1 district to another secondary public school for a vocational
2 program or an area vocational school or to an approved
3 post-secondary institution under a contract for instruction
4 approved by the Central Education Agency shall be reimbursed based
5 on the number of actual miles traveled times the district's
6 official extracurricular travel per mile rate as set by their local
7 board of trustees and approved by the Central Education Agency.

8 (g) A school district or county that provides special
9 transportation services for eligible handicapped pupils is entitled
10 to a state allocation paid on a previous year's cost-per-mile
11 basis. The maximum rate per mile allowable shall be set by
12 appropriation based on data gathered from the first year of each
13 preceding biennium. Districts may use a portion of their support
14 allocation to pay transportation costs, if necessary. The
15 commissioner of education may grant an amount set by appropriation
16 for private transportation to reimburse parents or their agents for
17 transporting eligible handicapped pupils. The mileage allowed
18 shall be computed along the shortest public road from the pupil's
19 home to school and back, morning and afternoon. The need for this
20 type transportation shall be determined on an individual basis and
21 shall be approved only in extreme hardship cases.

22 (h) The allocation for eligible regular students transported
23 by the regular transportation system shall be increased by five
24 percent for any district or county school board which has complied
25 with the provisions of Section 21.173 of this code in accordance
26 with rules adopted by the State Board of Education.

27 (i) Funds allotted under this section must be used in

1 providing transportation services.

2 (j) In the case of a district belonging to a county
3 transportation system, the district's transportation allotment for
4 purposes of determining a district's foundation school program
5 allocations shall be determined on the basis of the number of
6 approved daily route miles in the district multiplied by the
7 allotment per mile to which the county transportation system is
8 entitled.

9 Sec. 16.158. TEACHER COMPENSATION [~~CAREER-LADDER~~] ALLOTMENT.

10 (a) Each district is entitled to an allotment for teacher
11 compensation [~~support-of-the-career-ladder~~] equal to its unadjusted
12 average daily attendance multiplied by \$90.

13 (b) Except as provided by Subsection (d), an [~~An~~] allotment
14 under this section may be used only for the purposes of paying the
15 salaries of teachers who were entitled to career ladder
16 supplements.

17 (c) [~~From--the--funds--designated--for--that--purpose,--the~~
18 ~~district--shall--supplement--the--salary--of--each--teacher--above--level~~
19 ~~one--on--the--career--ladder,--The--district--shall--decide--the--amount--of~~
20 ~~supplement--to--be--provided--at--each--career--ladder--level.~~

21 [~~d~~] Money received under this section may not be used to
22 supplement the salary of an employee for directing cocurricular or
23 extracurricular activities.

24 (d) If an allotment under this section exceeds the amount
25 necessary to pay the salaries of teachers who were entitled to
26 career ladder supplements as provided by Section 16.058, a district
27 shall use the excess to supplement salaries of other teachers.

Sec. 16.159. GIFTED AND TALENTED STUDENT ALLOTMENT.

(a) For each student a school district serves in a Central Education Agency approved program for gifted and talented students under Subchapter Q, Chapter 21, of this code or, in the case of a district that is developing a program in accordance with standards established by the commissioner of education, for each student the district identifies as gifted and talented under State Board of Education criteria, a district is entitled to an annual allotment equal to the district's adjusted basic allotment as determined under Section 16.102 or Section 16.103 of this code, as applicable, multiplied by .12 for each school year or a greater amount provided by appropriation.

(b) Funds allocated under this section, other than the amount that represents the program's share of general administrative costs, must be used in providing approved programs for gifted and talented students under Subchapter Q, Chapter 21, of this code or, in the case of a district that has not yet established a program, in developing programs for gifted and talented students. Each district must account for the expenditure of state funds as provided by rule of the State Board of Education. If by the end of the 12th month after receiving an allotment for developing a program a district has failed to implement an approved program, the district must refund the amount of the allotment to the agency within 30 days.

(c) Not more than five percent of a district's students in average daily attendance are eligible for funding under this section.

1 (d) If the amount of state funds for which school districts
2 are eligible under this section exceeds the amount of state funds
3 appropriated in any year for the programs, the commissioner of
4 education shall reduce each district's tier one allotments in the
5 same manner described for a reduction in allotments under Section
6 16.254 [allotment-on-a-pro-rata-basis].

7 (e) If the total amount of funds allotted under this section
8 before a date set by rule of the State Board of Education is less
9 than the total amount appropriated for a school year, the
10 commissioner shall distribute the remainder proportionately to the
11 districts that have received an allotment, and no other districts
12 are eligible for an allotment for that school year.

13 (f) After each district has received allotted funds for this
14 program, the State Board of Education may use up to \$500,000 of the
15 funds allocated under this section for programs such as Future
16 Problem Solving Olympics of the Mind, and Academic Decathlon, as
17 long as these funds are used to train personnel and provide program
18 services. To be eligible for funding under this section, a program
19 must be determined by the State Board of Education to provide
20 services that are effective and consistent with the state plan for
21 gifted and talented education.

22 Sec. 16.160. TECHNOLOGY FUNDS. (a) Developmental and
23 technology allotment allocations under the provisions of Chapter 14
24 are included in the Foundation School Program.

25 (b) Each district shall be allotted the amount specified in
26 Section 14.063 of this code after deductions by the commissioner of
27 education for the purposes of financing programs authorized under

Subchapter C, Chapter 14, of this code.

SUBCHAPTER F. ACCOUNTABLE COSTS OF EDUCATION

Sec. 16.201. PURPOSE. The accountable costs of education studies are designed to support the development of the equalized funding elements necessary to provide an efficient state and local public school finance system which meets the state policy established in Section 16.001 of this code and provides the research basis for the equalized funding elements under the provisions of Section 16.256 of this code.

[Sec. 16.202. STUDIES. On a biennial basis, the Legislative Education Board and the Legislative Budget Board, with the assistance of the Educational Economic Policy Center and the Central Education Agency, shall complete each of the following studies and develop recommended amounts where appropriate for each year of the next biennium:

(1) a study of the fiscal neutrality of the system to determine the status of the state and local finance system with regard to the policies established under the provisions of Section 16.001 of this code, including recommendations for adjustments necessary to maintain fiscal neutrality;

(2) the accountable costs per student to school districts of providing educational programs, personnel, and other operating costs that meet accreditation criteria and the provisions of law and regulation;

(3) program cost differentials designed by program to provide support for the added expense of high-cost courses or programs for students participating in such courses or programs;

with-the-program-funding-level-expressed-as-dollar-amounts--and--as
weights-applied-to-the-adjusted-basic-allotment-for-the-appropriate
year;

[(4) -- transportation-and-career-ladder-allotments;

[(5) -- the--levels-of-tax-effort-necessary-for-each-tier
of--the--Foundation--School--Program--necessary--to---fulfill---the
requirements-of-Sections-16.001-and-16.008-of-this-code; and

[(6) -- capital--outlay-and-debt-service-requirements-and
formula-elements-for-the--requirements--of--Subchapter--I--of--this
chapter-or-other-provisions-of-this-chapter;

[Sec.-16.203.--PROCEDURES----- (a) ---The---program---cost
differentials-developed-jointly-by-the-Legislative-Education--Board
and--the--Legislative--Budget--Board--shall--be--submitted--to--the
foundation-school-fund-budget-committee-for-adoption-beginning-with
the--1993-1994--school--year.--If-the-foundation-school-fund-budget
committee-fails-to-adopt-by-April-1-the-program-cost--differentials
for-the-following-school-year,-the-commissioner-of-education,-after
considering--the--recommendations--developed-by-those-boards,-shall
adopt-program-cost-differentials;

[(b) --The-commissioner-of-education-shall-provide-appropriate
assistance-to-the-boards-for-the-calculation-of-the-various-funding
elements.--Subject-to-review-by-the--Legislative--Education--Board,
the--commissioner--of--education--shall--retain-from-the-allotments
under-Sections-16.102-and-16.103-of-this-code-and-Subchapter--D--of
this--chapter--amounts--appropriate-to-finance-necessary-additional
costs-for-the-studies-required-under-this-subchapter;

[(c) --The-boards-may-appoint-advisory-committees-to-assist-in

the--development--of--the--various--funding--elements--and--studies
required-under-this-subchapter;--Advisory-committee--members--serve
without--compensation--but-are-entitled-to-reimbursement-for-actual
and-necessary-expenses-incurred-in-the-performance-of-their-duties.
Reimbursement-shall-be-from-funds-available-under-Subsection-(b)-of
this-section-or-from-other-funds-available-to-the-boards.

[(d) --In-the-studies-relating-to-program--cost--differentials
the--boards--shall--give--special--consideration--to--cost--factors
associated---with---class--size,--laboratory--expenses,--materials,
equipment,--teacher-training,--necessary-salary-supplementation,--and
special--services--related--to--individual--courses--or--groups--of
courses.

[Sec--16.204:--NAVAL--MILITARY--FACILITY--IMPACT.-----(a) --The
model-on-which-a-cost-of-education-index-is-based-must-specifically
consider-the-impact-of-a-significant-new-naval-military-facility-on
each-district-in-an-impacted-region.

[(b) --If-the-construction-or-operation-of-a--significant--new
naval---military---facility---begins--during--a--school--year,--the
Legislative-Education-Board-and-the-Legislative-Budget-Board--shall
recommend--the-adjustment-of-the-basic-allotment-during-that-school
year-to-consider--any--impact--of--the--facility--on--the--cost--of
education-index-of-the-districts-in-the-impacted-region.

[(c) --In---this--section,--"significant--new--naval--military
facility"--and--"impacted--region"--have--the--meanings--assigned--by
Section--4,--Article-1,--National-Defense-Impacted-Region-Assistance
Act-of-1985-(Article-689a-4d,--Vernon's-Texas-Civil-Statutes).

[(d) --This-section-expires-September-1,--1993.]

1 Sec. 16.205. LIMIT ON ADMINISTRATIVE COSTS. (a) The
2 commissioner of education by rule shall determine annually:

3 (1) an administrative cost ratio for school districts
4 with fewer than 500 students in average daily attendance;

5 (2) an administrative cost ratio for school districts
6 with 500 to 999 students in average daily attendance;

7 (3) an administrative cost ratio for school districts
8 with 1,000 to 4,999 students in average daily attendance;

9 (4) an administrative cost ratio for school districts
10 with 5,000 to 9,999 students in average daily attendance; and

11 (5) an administrative cost ratio for school districts
12 with more than 10,000 students in average daily attendance.

13 (b) The commissioner of education may adjust the
14 administrative cost ratio of a district to allow for additional
15 administrative costs required by:

16 (1) the sparsity of the district; or

17 (2) students with special needs.

18 (c) Not later than February 1 of each year, the commissioner
19 of education shall notify all districts of the requirements and
20 standards for determining administrative cost ratios for the
21 following year. Not later than May 1 of each year, Central
22 Education Agency staff shall conduct a desk audit of prior-year
23 expenditure data available through the Public Education Information
24 Management System (PEIMS) to identify those districts whose
25 administrative cost ratio in the prior year exceeded their adjusted
26 group standard. Districts with an administrative cost ratio in
27 excess of their adjusted group standard shall be notified not later

1 than May 15 that they have excessive administrative costs and that
2 they are required to reduce these costs to the level of the
3 adjusted group standard for the following school year. Not later
4 than the 60th day after receiving notification, a district shall
5 respond to the commissioner of education by submitting a
6 description of the district's plan to comply with the standard for
7 the following year or request a waiver from the commissioner of
8 education explaining why the district cannot comply with the
9 standard. Not later than August 15, the commissioner of education
10 shall notify responding districts if further action is needed.

11 (d) If a school district fails to reduce administrative
12 costs to the level required by this section, the commissioner of
13 education shall deduct from a school district's tier one allotments
14 an amount equal to the amount by which the district's
15 administrative costs exceed the amount permitted by its
16 administrative cost ratio, unless the commissioner has granted a
17 waiver in response to the district's request. The commissioner
18 shall make a deduction under this subsection from the foundation
19 school fund payments to the district in the school year following
20 the school year in which the plan to reduce costs was to be
21 implemented. If a school district does not receive a tier one
22 allotment, the district shall remit an amount equal to the excess
23 to the comptroller for deposit to the credit of the foundation
24 school fund.

25 (e) The commissioner of education may grant a waiver to a
26 school district that exceeds its administrative cost ratio if the
27 excess is justified by unusual circumstances.

1 (f) A school district shall include a statement of any
2 amount withheld or remitted under Subsection (d) in the district
3 report card required by Section 35.042.

4 (g) In this section:

5 (1) "Administrative cost ratio" means a school
6 district's administrative costs divided by its instructional costs,
7 expressed as a percentage.

8 (2) "Administrative costs" are defined as operating
9 expenses made from funds other than federal funds associated with
10 managing, planning, directing, coordinating, and evaluating a
11 school district in accordance with Accounting functions 21 -
12 Instructional Administration, and 41 - General Administration as
13 described in the Financial Accounting Manual Bulletin 679 for
14 Budgeting, Accounting, and Auditing in Texas Public Schools, Ninth
15 Edition, published by the Central Education Agency.

16 (3) "Instructional costs" are defined as operating
17 expenses made from funds other than federal funds associated with
18 teacher-student instruction in accordance with Accounting functions
19 11 - Instruction, 22 - Instructional Resources and Media Services,
20 25 - Curriculum and Instructional Staff Development, and 31 -
21 Guidance and Counseling Services as described in the Financial
22 Accounting Manual Bulletin 679 for Budgeting, Accounting, and
23 Auditing in Texas Public Schools, Ninth Edition, published by the
24 Central Education Agency.

25 (4) "Adjusted group standard" is the acceptable
26 administrative cost ratio for each district as determined in
27 accordance with Subsections (a) and (b) of this section.

1 [EFFICIENCY-IN-ADMINISTRATION--REPORT:---(a)--The--commissioner--of
2 education--shall--conduct-a-study-to-determine-the-most-appropriate
3 and-efficient-method-for-reporting-and-monitoring-the-allocation-of
4 resources-by-school-districts:

5 [(b)--The-study-shall-identify-the-most-effective--means--for
6 calculating,--monitoring,--and-reporting-the-proportion-of-resources
7 that-school-districts-allocate-for-their-administrative--costs--and
8 shall-include-administrator-teacher-ratios:

9 [(c)--The--study--shall--include--a--description--of--average
10 efficient----administrative----expenditures---by---districts---with
11 consideration-of-district-size-and-demographics:

12 [(d)--Prior-to-the-beginning-of-each-regular-session--of--the
13 legislature,--the-agency-shall-provide-a-report-with-recommendations
14 to-the-Legislative-Education-Board-and-the-legislature:

15 [(e)--The--study--is--an--element-of-the-study-of-accountable
16 costs-of-education-under-this-subchapter:

17 [Sec.-16-206:--COST-ADJUSTMENTS:------(a)----The---lieutenant
18 governor--shall--appoint-five-members-of-the-senate-and-the-speaker
19 of-the-house-of-representatives-shall-appoint-five-members--of--the
20 house--to--a--committee--to--conduct--a--study--of-certain-costs-of
21 providing-public--education--as--provided--by--this--section:---The
22 lieutenant-governor-and-the-speaker-shall-make-the-appointments-not
23 later-than-September-17-1991:

24 [(b)--The--committee--shall--examine-methods-of-adjusting-for
25 specific-resource-cost-variations--caused--by--factors--beyond--the
26 control---of--school--districts:---The--committee--shall--recommend
27 adjustments-for-these-factors-that-will-provide-the-most--efficient

1 service--delivery--considering--optimum--district--size, enrollment
 2 growth, and other cost factors. For the purpose of the study, the
 3 committee shall divide districts and campuses into a variety of
 4 categories that may include region, size, area, density,
 5 educational characteristics, and economic conditions.

6 [(c)] The committee may appoint one or more advisory panels
 7 to assist the committee in conducting the study. Advisory panel
 8 members serve without compensation but are entitled to
 9 reimbursement for actual and necessary expenses incurred in the
 10 performance of their duties.

11 [(d)] The committee shall recommend adjustments to the
 12 Foundation School Program for resource cost variations caused by
 13 factors beyond the control of school districts to the foundation
 14 school fund budget committee not later than June 1, 1992. The
 15 adjustments shall include:

16 [(1)] an adjustment to account for fast enrollment
 17 growth and other factors relevant to a district's need for
 18 facilities; and

19 [(2)] appropriate treatment of the calculation of
 20 weighted students under Section 16.302 of this code.

21 [(e)] The foundation school fund budget committee by rule
 22 shall adopt adjustments to the Foundation School Program for
 23 resource cost variations beyond the control of school districts to
 24 apply beginning with the 1993-1994 school year. The foundation
 25 school fund budget committee shall report the adjustments adopted
 26 to the legislature and the commissioner of education. If the
 27 foundation school fund budget committee fails to adopt the

adjustments-by-November-17-1992-the-commissioner-of--education--by
rule-shall-adopt-adjustments-not-later-than-December-17-1992-

[~~(f)~~--The--rules--adopted--under-this-section-apply-beginning
with-the-1993-1994-school-year.--If-no-rules-are-adopted-under-this
section-the-basic-allotment-calculated-under-Sections--16.008--and
16.256(e)--of--this--code--shall--be-increased-to-reflect-the-costs
associated-with-the-adjustments-made-by-the-cost-of-education-index
and-formula-for-the-1992-1993-school-year-]

SUBCHAPTER G. FINANCING THE PROGRAM

Sec. 16.251. FINANCING; GENERAL RULE. (a) The sum of the
basic allotment under Subchapter C and[7] the special allotments
under Subchapter D, computed in accordance with this chapter,
constitute the tier one allotments. The sum of the tier one
allotments and the guaranteed yield allotments under Subchapter H,
computed in accordance with [~~the--provisions--of~~] this chapter,
constitute the total cost of the Foundation School Program.

(b) The program shall be financed by:

(1) ad valorem tax revenue generated by an equalized
uniform school [~~county-education~~] district effort;

(2) ad valorem tax revenue generated by local school
district effort in excess of the equalized uniform school [~~county
education~~] district effort;

(3) state available school funds distributed in
accordance with law; and

(4) state funds appropriated for the purposes of
public school education and allocated to each district in an amount
sufficient to finance the cost of each district's Foundation School

Program not covered by other funds specified in this subsection.

(c) The commissioner of education shall compute for each school district the total amount, if any, by which the district's total revenue is reduced from one school year to the next because of a change in the method of finance under this chapter. The commissioner shall certify the amount of the reduction to the school district for use in determining the school district's rollback rate under Section 26.08, Tax Code.

Sec. 16.252. LOCAL SHARE OF PROGRAM COST (TIER ONE).

(a) Each school [~~county--education~~] district's share of the Foundation School Program shall be an amount determined by the following formula:

$$LFA = TR \times DPV$$

where:

"LFA" is the school [~~county--education~~] district's local share;

"TR" is a tax rate which for each hundred dollars of valuation is an effective tax rate of \$0.86 [~~\$0.72-for-the 1991-1992-school-year, \$0.82-for-the-1992-1993-school--year,--\$0.92 for--the--1993-1994--school--year,--and--\$1.00-for-each-school-year thereafter~~]; and

"DPV" is the taxable value of property in the school [~~county education~~] district for the prior tax year determined under Section 11.86 of this code.

(b) The commissioner of education shall adjust the values reported in the official report of the comptroller as required by Section 5.09(a), [~~Property~~] Tax Code, to reflect reductions in

1 taxable value of property resulting from natural or economic
 2 disaster after January 1 in the year in which the valuations are
 3 determined. The decision of the commissioner of education shall be
 4 final. An adjustment does not affect the local fund assignment of
 5 any other school [county-education] district.

6 (c) Appeals of district values shall be held pursuant to
 7 Subsection (e) of Section 11.86 of this code.

8 (d) A school [county-education] district must [shall] raise
 9 its total local share of the foundation school program to be
 10 eligible to receive foundation school fund payments. [The--funds
 11 ~~shall--be--reallocated--to--the--school--districts--in--the--county~~
 12 ~~education-district-in-the-manner-prescribed-by-Subchapter-J-of-this~~
 13 ~~chapter.~~]

14 (e) The commissioner of education shall hear appeals from
 15 school [county-education] districts which have experienced a rapid
 16 decline in tax base used in calculating the local fund assignment,
 17 exceeding eight percent of prior year, that is beyond the control
 18 of the board of trustees of the [county-education] district. The
 19 commissioner of education may adjust the [county--education]
 20 district's taxable values for local fund assignment purposes for
 21 such losses in value exceeding eight percent and thereby adjust the
 22 local fund assignment to reflect the local current year taxable
 23 value. The decision of the commissioner of education shall be
 24 final. An adjustment does not affect the local fund assignment of
 25 any other school [county--education] district. This subsection
 26 shall apply to determinations by the commissioner in identifying
 27 districts with wealth per student exceeding the equalized wealth

1 level pursuant to Section 36.004.

2 Sec. 16.254. DISTRIBUTION OF FOUNDATION SCHOOL FUND.

3 (a) For each school year the commissioner of education shall
4 determine:

5 (1) the amount of money to which a school district is
6 entitled under Subchapters C and D;

7 (2) the amount of money to which a school district is
8 entitled under Subchapter H;

9 (3) the amount of money allocated to the district from
10 the available school fund;

11 (4) the amount of each district's tier one local share
12 under Section 16.252; and

13 (5) the amount of each district's tier two local share
14 under Section 16.303.

15 (b) The commissioner shall base the determinations under
16 Subsection (a) on the estimates provided to the legislature under
17 Section 16.2541 for each school district for each school year or
18 different estimates provided by the General Appropriations Act.

19 (c) Each school district is entitled to an amount equal to
20 the difference for that district between the sum of Subsections
21 (a)(1) and (a)(2) and the sum of Subsections (a)(3), (a)(4), and
22 (a)(5).

23 (d) The commissioner shall approve warrants to each school
24 district equaling the amount of its entitlement except as provided
25 by this section. Warrants for all money expended according to this
26 chapter shall be approved and transmitted to treasurers or
27 depositories of school districts in the same manner that warrants

1 for state payments are transmitted. The total amount of the
2 warrants issued under this section may not exceed the total amount
3 appropriated for foundation school program purposes for that fiscal
4 year.

5 (e) The commissioner shall recompute the amount to which the
6 district is entitled under Subsection (c) if a school district's
7 tax rate is less than the limit authorized under this subsection.
8 The amount to which a district is entitled under this section may
9 not exceed the amount to which the district would be entitled at
10 the district's tax rate for the final year of the preceding
11 biennium, or a different tax rate provided by appropriation. The
12 commissioner shall recompute the amount to which a district is
13 entitled to the extent necessary under this section. The
14 commissioner shall approve warrants to the school in the amount
15 that results from the new computation. An amount equal to the
16 difference between the initial allocation and the amount of the
17 warrants shall be transferred to a special account in the
18 foundation school fund known as the reserve account.

19 (f) Amounts transferred to the reserve account under
20 Subsection (e) shall be used in the succeeding fiscal year to
21 finance increases in allocations to school districts under
22 Subsection (i). If the amount in the reserve account is less than
23 the amount of the increases under Subsection (i) for the second
24 year of a state fiscal biennium, the commissioner shall certify the
25 amount of the difference to the foundation school fund budget
26 committee not later than January 1 of the second year of the state
27 fiscal biennium. The committee shall propose to the legislature

1 that the certified amount be transferred to the foundation school
2 fund from the economic stabilization fund and appropriated for the
3 purpose of increases in allocations under Subsection (h).

4 (g) If a school district demonstrates to the satisfaction of
5 the commissioner that the estimate of the district's tax rate,
6 student enrollment, or taxable value of property used in
7 determining the amount of state funds to which the district is
8 entitled are so inaccurate as to result in undue financial hardship
9 to the district, the commissioner may adjust funding to that
10 district in that school year to the extent that funds are available
11 for that year, including funds in the reserve account. Funds in
12 the reserve account may not be used under this subsection until any
13 reserve funds have been used for purposes of Subsection (f).

14 (h) If the legislature fails during the regular session to
15 enact the transfer and appropriation proposed under Subsection (f)
16 and there are not funds available under Subsection (j), the
17 commissioner shall reduce the total amount of state funds allocated
18 to each district by an amount determined by a method under which
19 the application of the same number of cents of increase in tax rate
20 in all districts applied to the taxable value of property of each
21 district, as determined under Section 11.86 of this code, results
22 in a total levy equal to the total reduction. The following fiscal
23 year, a district's entitlement under this section is increased by
24 an amount equal to the reduction made under this subsection.

25 (i) Not later than March 1 each year, the commissioner shall
26 determine the actual amount of state funds to which each school
27 district is entitled under the allocation formulas in this chapter

1 for the current school year and shall compare that amount with the
 2 amount of the warrants issued to each district for that year. If
 3 the amount of the warrants differs from the amount to which a
 4 district is entitled because of variations in the district's tax
 5 rate, student enrollment, or taxable value of property, the
 6 commissioner shall adjust the district's entitlement for the next
 7 fiscal year accordingly.

8 (j) The legislature may appropriate funds necessary for
 9 increases under Subsection (i) from funds that the comptroller, at
 10 any time during the fiscal year, finds are available.

11 (k) The commissioner shall compute for each school district
 12 the total amount by which the district's allocation of state funds
 13 is increased or reduced under Subsection (i) and shall certify that
 14 amount to the district.

15 (l) In this section, the number of weighted students in
 16 average daily attendance is calculated in the manner provided by
 17 Section 16.302. [The--commissioner-of-education-shall-determine
 18 annually:

19 [{1}--the--amount--of--money--necessary--to--operate--a
 20 Foundation-School-Program-in-each-school-district;

21 [{2}--the-amount-of-local-funds-due-the-school-district
 22 from-the-local-fund-assignment-of-the--county--education--district;
 23 and

24 [{3}--the---amount--of--state--available--school--funds
 25 distributed-to-each-school-district;

26 [{b}--The-commissioner-of-education-shall-then-grant-to--each
 27 school--district--from--the-Foundation-School-Program-appropriation

1 the amount of funds necessary to provide the difference between
 2 Subdivision (1) and the sum of Subdivisions (2) and (3) of
 3 Subsection (a) of this section.

4 [(c) The commissioner shall approve warrants to each school
 5 district equating the amount of its grant. Warrants for all money
 6 expended according to the provisions of this chapter shall be
 7 approved and transmitted to treasurers or depositories of school
 8 districts in the same manner as warrants for state apportionment
 9 are transmitted.

10 [(d) Notwithstanding any other provision of this chapter, if
 11 for any year the total state's share of the Foundation School
 12 Program as determined under this chapter exceeds the total amount
 13 appropriated for that year, the commissioner shall reduce the total
 14 amount of state funds allocated to each district by an amount
 15 determined by a method under which the application of the same
 16 number of cents of increase in tax rate applied to the taxable
 17 value of property of each district, as determined under Section
 18 11.86 of this code, results in a levy for each district equal to
 19 the amount deducted from that district's allocation.

20 [(e) The commissioner of education shall compute for each
 21 school district the total amount by which the district's allocation
 22 of state funds is reduced under Subsection (d) of this section and
 23 shall certify that amount to the district.]

24 Sec. 16.2541. ESTIMATES REQUIRED. (a) Not later than
 25 October 1 of each even-numbered year:

26 (1) the Central Education Agency shall submit to the
 27 foundation school fund budget committee and the legislature an

1 estimate of the tax rate and student enrollment of each school
2 district for the following biennium; and

3 (2) the comptroller shall submit to the foundation
4 school fund budget committee and the legislature an estimate of the
5 total taxable value of all property in the state as determined
6 under Section 11.86 for the following biennium.

7 (b) The Central Education Agency and the comptroller shall
8 update the information provided to the legislature under Subsection

9 (a) not later than March 1 of each odd-numbered year.

10 Sec. 16.255. FALSIFICATION OF RECORDS; REPORT. (a) When,
11 in the opinion of the director of school audits of the Central
12 Education Agency, audits or reviews of accounting, enrollment, or
13 other records of a school district reveal deliberate falsification
14 of the records, or violation of the provisions of this chapter,
15 whereby the district's share of state funds allocated under the
16 authority of this chapter would be, or has been, illegally
17 increased, the director shall promptly and fully report the fact to
18 the State Board of Education and the state auditor.

19 (b) In the event of overallocation of state funds, as
20 determined by the State Board of Education or the state auditor by
21 reference to the director's report, the Central Education Agency
22 shall, by withholding from subsequent allocations of state funds,
23 recover from the district an amount, or amounts, equal to the
24 overallocation.

25 Sec. 16.256. FOUNDATION SCHOOL FUND BUDGET COMMITTEE.

26 (a) The foundation school fund budget committee is composed of the
27 governor, the lieutenant governor, and the comptroller [~~of--public~~

1 ~~accounts~~].

2 (b) On or before December ~~[November]~~ 1 before each regular
3 session of the legislature, the budget committee shall determine
4 and certify to the comptroller ~~[of public accounts]~~ an amount of
5 money to be placed in the foundation school fund for the succeeding
6 biennium for the purpose of financing the Foundation School Program
7 as described in this code.

8 (c) The budget committee may, during the biennium, change
9 the estimate of money necessary to finance the Foundation School
10 Program.

11 (d) The foundation school fund budget committee shall adopt
12 rules for the calculation for each year of a biennium of the
13 qualified funding elements necessary to achieve the state funding
14 policy under Section 16.001 of this code not later than the
15 1994-1995 school year and for each year thereafter. In the
16 calculation of these funding elements, the committee shall consider
17 the report of the Legislative Education Board prescribed under
18 Section 16.008 of this code.

19 (e) The funding elements shall include:

20 (1) a basic allotment for the purposes of Section
21 16.101 of this code that represents the cost per student of a
22 regular education program that meets the basic criteria for an
23 accredited program including all mandates of law and regulation;

24 (2) adjustments designed to reflect the variation in
25 known resource costs and costs of education beyond the control of
26 school districts;

27 (3) appropriate program cost differentials and other

1 funding elements for the programs authorized under Subchapter D of
2 this chapter, with the program funding level expressed as dollar
3 amounts and as weights applied to the adjusted basic allotment for
4 the appropriate year;

5 (4) the maximum guaranteed level of qualified state
6 and local funds per student for the purposes of Subchapter H of
7 this chapter;

8 (5) the enrichment and facilities tax rate under
9 Subchapter H of this chapter;

10 (6) the formula elements for the funding formulas for
11 capital outlay and debt service under the provision of Subchapter I
12 of this chapter; and

13 (7) the calculation of weighted students in average
14 daily attendance under Section 16.302 of this code.

15 (f) Not [~~Beginning--in--1992,--not~~] later than December
16 [~~November~~] 1 preceding each regular session of the legislature, the
17 foundation school fund budget committee by rule shall adopt and
18 report the equalized funding elements calculated under this section
19 to the commissioner of education and the legislature. Before the
20 committee adopts the elements, the committee or the committee's
21 designees shall hold a public hearing on the recommendations of the
22 Legislative Education Board.

23 [~~(g)--Notwithstanding--other--provisions--of--this--section,--the~~
24 ~~funding--elements--adopted--by--the--foundation--school--fund--budget~~
25 ~~committee--for--the--1993-1994-school-year--and--the--1994-1995-school~~
26 ~~year--shall--provide--for--appropriate--transition--from--the--program--in~~
27 ~~effect--for--the--1992-1993-school-year.~~]

1 Sec. 16.258. EFFECT OF APPRAISAL APPEAL. (a) If the final
2 determination of an appeal under Chapter 42, Tax Code, results in a
3 reduction in the taxable value of property that exceeds five
4 percent of the total taxable value of property in the school
5 district for the same tax year determined under Section 11.86 of
6 this code, the commissioner of education shall request the
7 comptroller to adjust its taxable property value findings for that
8 year consistent with the final determination of the appraisal
9 appeal.

10 (b) If the district would have received a greater amount
11 from the foundation school fund for the applicable school year
12 using the adjusted value, the commissioner shall add the difference
13 to subsequent distributions to the district from the foundation
14 school fund. An adjustment does not affect the local fund
15 assignment of any other district.

16 Sec. 16.260. FOUNDATION SCHOOL FUND TRANSFERS. (a) In this
17 section:

18 (1) "Category 1 school district" means a school
19 district having a wealth of less than one-half of the statewide
20 average wealth.

21 (2) "Category 2 school district" means a school
22 district having a wealth of at least one-half of the statewide
23 average wealth per pupil but not more than the statewide average
24 wealth.

25 (3) "Category 3 school district" means a school
26 district having a wealth of more than the statewide average wealth.

27 (4) "Wealth" means the taxable property values

1 reported by the comptroller to the commissioner of education under
2 Section 16.252 of this code divided by the number of students in
3 average daily attendance.

4 (b) Payments from the foundation school fund to each
5 category 1 school district shall be made as follows:

6 (1) 21 percent of the yearly entitlement of the
7 district shall be paid in two equal installments to be made on or
8 before the 25th day of September and October of a fiscal year;

9 (2) 57 percent of the yearly entitlement of the
10 district shall be paid in six equal installments to be made on or
11 before the 25th day of November, December, January, February,
12 March, and July; and

13 (3) 22 percent of the yearly entitlement of the
14 district shall be paid in two equal installments to be made on or
15 before the 25th day of April and May.

16 (c) Payments from the foundation school fund to each
17 category 2 school district shall be made as follows:

18 (1) 21 percent of the yearly entitlement of the
19 district shall be paid in two equal installments to be made on or
20 before the 25th day of September and October of a fiscal year;

21 (2) 38 percent of the yearly entitlement of the
22 district shall be paid in four equal installments to be made on or
23 before the 25th day of November, December, March, and July;

24 (3) seven percent of the yearly entitlement of the
25 [school] district shall be paid in two equal installments to be
26 made on or before the 25th day of January and February;

27 (4) 22 percent of the yearly entitlement of the

1 [school] district shall be paid in two equal installments to be
2 made on or before the 25th day of April and May; and

3 (5) 12 percent of the yearly entitlement of the
4 [school] district shall be paid in two equal installments to be
5 made on or before the 25th day of June and August.

6 (d) Payments from the foundation school fund to each
7 category 3 school district shall be made as follows:

8 (1) 21 percent of the yearly entitlement of the
9 district [school] shall be paid in two equal installments to be
10 made on or before the 25th day of September and October of a fiscal
11 year;

12 (2) 57 percent of the yearly entitlement of the
13 district [school] shall be paid in six equal installments to be
14 made on or before the 25th day of November, December, March, June,
15 July, and August; and

16 (3) 22 percent of the yearly entitlement of the
17 [school] district shall be paid in two equal installments to be
18 made on or before the 25th day of April and May.

19 (e) The amount of any installment required by this section
20 may be modified to provide a school district with the proper amount
21 to which the district may be entitled by law and to correct errors
22 in the allocation or distribution of funds. If an installment
23 under this section is required to be equal to other installments,
24 the amount of other installments may be adjusted to provide for
25 that equality. A payment under this section is not invalid because
26 it is not equal to other installments.

SUBCHAPTER H. GUARANTEED YIELD PROGRAM (TIER TWO)

Sec. 16.301. PURPOSE. The purpose of the guaranteed yield component of the Foundation School Program is to provide each school district with the opportunity to supplement the basic program at a level of its own choice and with access to additional funds for facilities. An allotment under this subchapter may be used for any legal purpose, including capital outlay and debt service.

Sec. 16.302. ALLOTMENT. ~~[(a)]~~ Each school district is guaranteed a specified amount per weighted student in state and local funds for each cent of tax effort over that required for the district's local fund assignment ~~[of-the-county-education--district in--which--the--school-district-is-located]~~ up to the maximum level specified in this subchapter. The amount of state support, subject only to the maximum amount under Section 16.303 of this code, is determined by the formula:

$$\text{GYA} = (\text{GL} \times \text{WADA} \times \text{DTR} \times 100) - \text{LR}$$

where:

"GYA" is the guaranteed yield amount of state funds to be allocated to the district;

"GL" is the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort, which is \$20.55 ~~[\$21.50--for--the--1991-1992--school-year, \$22.50-for-the-1992-1993 school-year, \$26-for-the-1993-1994-school-year, and--\$28--for--each school--year--thereafter,]~~ or a greater amount for any year provided by appropriation, or a greater amount adopted by the foundation school fund budget committee under Section 16.256(d) ~~[of-this-code]~~

1 ~~for-the-1993-1994-or-1994-1995-school-year-or-thereafter~~];

2 "WADA", except as provided by Section 16.206 of this code, is
3 the number of weighted students in average daily attendance, which
4 is calculated by dividing the sum of the school district's
5 allotments under Subchapters C and D of this chapter, less any
6 allotments to the district for transportation, teacher compensation
7 ~~[career-ladder-supplements]~~, or technology and 50 percent of the
8 adjustment under Section 16.102 of this code, by the basic
9 allotment for the applicable year;

10 "DTR" is the district enrichment and facilities tax rate of
11 the school district, which is determined by subtracting the
12 district's local fund assignment from ~~[dividing]~~ the total amount
13 of taxes collected by the school district for the applicable school
14 year and dividing the difference by the quotient of the district's
15 taxable value of property as determined under Section 11.86 of this
16 code divided by 100; and

17 "LR" is the local revenue, which is determined by multiplying
18 "DTR" by the quotient of the district's taxable value of property
19 as determined under Section 11.86 of this code divided by 100.

20 ~~[(b)--Beginning--with--the--1993-1994--school--year,--if--the~~
21 ~~program--cost--differentials--developed--jointly-by-the-Legislative~~
22 ~~Education-Board-and-the--Legislative--Budget--Board--under--Section~~
23 ~~16.203--of--this--code--and--the--adjustments-studied-under-Section~~
24 ~~16.206-of-this-code-are-not-adopted-by-the-foundation--school--fund~~
25 ~~budget--committee--or--the--commissioner--of--education,--the-amount~~
26 ~~guaranteed-under-this-section-is-an-amount-per-student-rather--than~~
27 ~~per--weighted--student--and--a--school--district's--average--daily~~

~~attendance-{"ADA"}-under-Section-16.006-of-this-code-is-substituted
for-"WADA"-in-the-formula-under-Subsection-(a)-of-this-section:]~~

Sec. 16.303. LIMITATION ON ENRICHMENT AND FACILITIES TAX RATE. The district enrichment and facilities tax rate ("DTR") under Section 16.302 of this code may not exceed \$0.64 per \$100 of valuation, [~~\$0.45~~] or a greater amount [~~for-1993-1994-and-1994-1995 school--years--or--thereafter--as~~] adopted by the foundation school fund budget committee under Section 16.256(d) of this code.

Sec. 16.304. COMPUTATION OF AID FOR DISTRICT ON MILITARY RESERVATION OR AT STATE SCHOOL. State assistance under this subchapter for a school district located on a federal military installation or at Moody State School is computed using the average tax rate and property value per student of school districts in the county, as determined by the commissioner of education.

SUBCHAPTER I. CAPITAL OUTLAY AND DEBT SERVICE

Sec. 16.401. INVENTORY OF SCHOOL FACILITIES. (a) The State Board of Education shall establish a statewide inventory of school facilities and shall update the inventory on a periodic basis.

(b) The inventory shall include information on the condition, use, type, and replacement cost of public school facilities in this state.

Sec. 16.402. STANDARDS. The State Board of Education shall establish standards for adequacy of school facilities. The standards shall include requirements related to space, educational adequacy, and construction quality. All facilities constructed after September 1, 1992, must meet the standards in order to be financed with state or local tax funds.

1 Sec. 16.403. ADVISORY COMMITTEE. The State Board of
 2 Education shall appoint a committee composed of 15 persons
 3 knowledgeable of various aspects of school facility planning,
 4 construction, renovation, and financing. The advisory committee
 5 shall provide the board and the commissioner with assistance on the
 6 development of the inventory system, the creation of facility
 7 standards, and the conduct of facility research related to current
 8 and future roles of the state in the provision of financial and
 9 technical assistance to school districts. The members of the
 10 committee shall serve without compensation but may be reimbursed
 11 for actual and necessary expenses.

12 [SUBCHAPTER-J---COUNTY-EDUCATION-DISTRICT-DISTRIBUTIONS

13 [Sec.-16-501---TIER-ONE---(a)---The-commissioner-of--education
 14 shall--notify-each-county-education-district-of-the-total-amount-of
 15 funds-that-each-school-district-in-the-county-education-district-is
 16 entitled-to--receive--under--tier--one--of--the--Foundation--School
 17 Program-

18 [(b)---For--tier--one,--the--board--of-trustees-of-each-county
 19 education-district-shall-distribute-the-funds--collected--from--the
 20 tax-levied-by-the-county-education-district-under-Section-20.945-of
 21 this-code-to-the-school-districts-in-the-county-on-the-basis-of-the
 22 component--districts'-share-of-the-taxable-value-of-property-of-the
 23 county-education-district-with--the--provision--that--no--component
 24 district-shall-receive-funds-in-excess-of-the-cost-of-tier-one-less
 25 the-distribution-of-the-available-school-fund-

26 [(c){1}---Notwithstanding--Subsection-(b)-of-this-section,--for
 27 the-1991-1992,--1992-1993,--and-1993-1994-school-years,--for-tier--one

1 the--board--of--trustees--of--each--county-education-district-shall
2 distribute-the-funds-collected-from-the-tax-levied--by--the--county
3 education--district-under-Section-20.945-of-this-code-to-the-school
4 districts-in-the-county-education-district-as-follows:

5 [(A) --to-those--school--districts--that--did--not
6 receive--foundation--school--funds-for-the-1990-1991-school-year-in
7 which-the-amount-of-revenue-per-weighted-student-from--local--funds
8 and-the-available-school-fund-for-the-1990-1991-school-year-exceeds
9 the--total--amount--of--revenue--per--weighted-student-to-which-the
10 district-is-entitled-under-the-Foundation-School-Program-at--a--tax
11 rate--equal--to-the-maximum-tax-rate-authorized-under-Section-20.09
12 of-this-code,--the-county-education--district--shall--distribute--an
13 amount--equal--to--the-difference-between-the-amount-of-revenue-per
14 weighted-student-in-the-district-in-the-1990-1991-school-year--from
15 local-funds-and-the-available-school-fund-and-the-levy-that-results
16 from--the--application-of-the-maximum-rate-authorized-under-Section
17 20.09-of-this-code-to-the-district's-taxable-value-of-property;--and

18 [(B) --the--county--education--district--shall
19 apportion-the-remaining-funds-collected-from-the-tax-levy--to--each
20 school--district--in--the-county-education-district-on-the-basis-of
21 the-component-districts'-share-of-the-taxable-value-of-property--of
22 the--county-education-district-with-the-provision-that-no-component
23 district-shall-receive-funds-in-excess-of-the-cost-of-tier-one-less
24 the-distribution-of-the-available-school-fund;

25 [(2) --This-subsection-expires-September-17-1994-

26 [(d) --If-the-total-amount-available-for-distribution--by--the
27 county--education--district-exceeds-the-county-education-district's

1 local-share-under-Section-16.252-of-this-code, the-county-education
2 district--shall--retain--the--excess--amount--for--distribution--in
3 succeeding-years.

4 [(e) --If-the-total-amount-available-for-distribution--by--the
5 county--education--district--is--less--than--the--county--education
6 district's--local--share--under--Section--16.252--of-this-code, the
7 distributions-shall-be-made-under-rules-adopted-by-the-commissioner
8 of-education.

9 [Sec--16.502--COLLECTION-AND-DISTRIBUTION--SCHEDULES.----The
10 commissioner--of--education--shall--establish--a--schedule--for-the
11 distribution--of--funds--to--each--school--district--under--this
12 subchapter.

13 [Sec--16.503--DEFINITION:----In--this--subchapter,--"taxable
14 value--of--property"--is-the-value-determined-under-Section-11.86-of
15 this-code.]

16 SECTION 2.02. Sections 14.063(b) and (e), Education Code,
17 are amended to read as follows:

18 (b) Each school district is entitled to an annual allotment
19 for the purposes provided under Section 14.064 of this code equal
20 to its unadjusted average daily attendance multiplied by[+]

21 [(+)] \$30 [for-the-1992-1993-school-year, or-a-greater
22 amount-provided-by-appropriation;

23 [(2)--\$35--for--the-1993-1994-school-year, or-a-greater
24 amount-provided-by-appropriation;

25 [(3)--\$40-for-the-1994-1995-school-year, or--a--greater
26 amount-provided-by-appropriation;

27 [(4)--\$45--for--the-1995-1996-school-year, or-a-greater

amount-provided-by-appropriation; and

[~~(5)~~--\$50-for-the-1996-1997-school-year--and--for--each school---year---thereafter], or a greater amount provided by appropriation.

(e) If an insufficient amount is available in the fund for the state's share of the allotments under Subsection (b) of this section, the agency shall reduce each district's allotment in the same manner described for a reduction in allotments [~~by-application of--the--formula--adopted~~] under Section 16.254 [~~16.254(d)~~] of this code.

SECTION 2.03. Sections 20.09(a) and (b), Education Code, are amended to read as follows:

(a) Except as provided by Subsections (c) and (d) and unless specifically approved in an election called for that purpose [~~of this-section~~], a school district may not impose a total tax rate on the \$100 valuation of taxable property that [~~results-in-a-levy that~~] exceeds \$1.50. [~~the-levy--that--results--from--applying--the following--rate--to--the--district's--taxable--value-of-property-as determined-under-Section-11.86-of-this-code~~]

[~~(1)~~--\$0.78-for-the-1991-tax-year;

[~~(2)~~--\$0.68-for-the-1992-tax-year;

[~~(3)~~--\$0.58-for-the-1993-tax-year; and

[~~(4)~~--\$0.50-for-each-subsequent-tax-year.]

(b) A district may impose taxes under this chapter on the residence homestead of a person whose taxes for general elementary and secondary public school purposes are limited under Article VIII, Section 1-b(d), of the Texas Constitution, only to the extent

1 that the imposition~~[7--when--added--to--the--taxes--imposed--on--the~~
 2 ~~homestead--by--the--county--education--district7]~~ does not increase the
 3 person's tax liability for those purposes in violation of the
 4 constitutional limit.

5 SECTION 2.04. Section 26.08, Tax Code, is amended to read
 6 as follows:

7 Sec. 26.08. ELECTION TO LIMIT SCHOOL TAXES. (a) If the
 8 governing body of a school district adopts a rate that exceeds the
 9 school district rollback tax rate ~~[sum-of-the-district's-effective~~
 10 ~~maintenance-rate7--the-rate-of-\$0.087--and--the--district's--current~~
 11 ~~debt--rate]~~, the qualified voters of the district at ~~[by-petition~~
 12 ~~may-require-that]~~ an election ~~[be]~~ held for that purpose must ~~[to]~~
 13 determine whether or not to limit the tax rate the governing body
 14 may adopt for the current ~~[following]~~ year to the school district
 15 rollback tax rate. When increased expenditure of funds by a school
 16 district is necessary to respond to a disaster, such as a tornado,
 17 hurricane, flood, or other calamity (not including a drought) which
 18 has impacted a school district and the governor has requested
 19 federal disaster assistance for the area in which the school
 20 district is located, an election ~~[a--petition]~~ is not required
 21 ~~[valid]~~ under this section to repeal a tax increase adopted the
 22 next time the district adopts a tax rate after the date the
 23 disaster occurs.

24 (b) The ~~[A-petition-is-valid-only-if-~~

25 ~~[it--states--that--it--is--intended--to-require-an~~
 26 ~~election-in-the-school-district-on-the-question-of-limiting-the-tax~~
 27 ~~rate-for-the-following-year7~~

1 [2]--it-is-signed-by-a-number-of-qualified--voters--of
 2 the--school--district-equal-to-at-least-10-percent-of-the-number-of
 3 qualified-voters-of-the--district--according--to--the--most--recent
 4 official--list--of--qualified-voters-not-counting-the-signatures-of
 5 voters--gathered--by--a--person--who--received---compensation---for
 6 circulating-the-petition; and

7 [3]--it--is--submitted--to--the--governing--body-on-or
 8 before-the-90th-day-after-the-date--on--which--the--governing--body
 9 adopted-the-tax-rate-for-the-current-year.

10 [4]--Not-later-than-the-20th-day-after-the-day-a-petition-is
 11 submitted;--the--governing--body-shall-determine-whether-or-not-the
 12 petition-is-valid-and-pass-a-resolution-stating--its--finding;---If
 13 the--governing--body--fails--to--act--within--the-time-allowed;--the
 14 petition-is-treated-as-if-it-had-been-found-valid.

15 [5]--If-the governing body [finds--that--the--petition--is
 16 valid--(or--fails--to-act-within-the-time-allowed);--it] shall order
 17 that the [an] election be held in the school district on a date not
 18 less than 30 or more than 90 days after the [last] day on which it
 19 adopted the tax rate [could-have-acted-to-approve-or-disapprove-the
 20 petition]. A state law requiring local elections to be held on a
 21 specified date does not apply to the election unless a specified
 22 date falls within the time permitted by this section. At the
 23 election, the ballots shall be prepared to permit voting for or
 24 against the proposition: "Reducing [limiting] the ad valorem tax
 25 rate in (name of school district) for the current year from (the
 26 rate adopted) to (the school district rollback tax rate) [the
 27 following-year)]."

(c) ~~[t e]~~ If a majority of the qualified voters voting on the question in the election favor the proposition, the ~~[governing body-may-not-adopt-a]~~ tax rate for the school district for [in] the current [following] year is [that--exceeds] the school district rollback tax rate calculated for that year; otherwise the tax rate for the current year is the one adopted by the governing body [using-the-following-formula:

~~[ROLLBACK-TAX-RATE---(EFFECTIVE-MAINTENANCE-AND-OPERATIONS~~

~~RATE-FOR-ELECTION-YEAR)--(\$0.00)--CURRENT-DEBT-RATE~~

~~where--"election--year"--denotes--amounts--used--in-calculating-the rollback-tax-rate-in-the--year--in--which--the--tax--increase--that initiated-the-referendum-occurred-rather-than-the-year-in-which-the calculation-occurs].~~

(d) For purposes of this section, except as provided by Subsection (e), the school district rollback tax rate of a school district is the sum of:

(1) the tax rate that, applied to the current total value for the district, would impose taxes in an amount that, when added to state funds to be distributed to the district under Chapters 15 and 16, Education Code, for the school year beginning in the current tax year, would provide the same amount of state funds and local maintenance and operations taxes per student in weighted average daily attendance for that school year that was available to the district in the preceding year;

(2) the rate of \$0.06; and

(3) the district's current debt rate.

(e) In the first year in which a school district that is the

product of the consolidation of two or more whole school districts
adopts a tax, the school district rollback tax rate for the
consolidated district is the sum of:

(1) the tax rate that, applied to the current total
value for the district, would impose taxes in an amount that, when
added to state funds to be distributed to the district under
Chapters 15 and 16, Education Code, for the school year beginning
in the current tax year, would provide the same amount of state
funds and local maintenance and operations taxes per student in
weighted average daily attendance for that school year that was
available to the component district in the preceding year for which
that amount was greater than for any other component district;

(2) the rate of \$0.06; and

(3) the consolidated district's current debt rate.

(f) For purposes of Subsections (d) and (e), the amount of
state funds and local maintenance and operations taxes that was
available to a school district in the preceding year is the amount
of state funds distributed to the school district under Chapters 15
and 16, Education Code, for the preceding school year and the total
amount of local maintenance and operations taxes imposed by the
district in the preceding tax year.

(g) In this section, "weighted students in average daily
attendance" has the meaning assigned by Section 16.302, Education
Code.

(h) [††] For purposes of this section, local tax funds
dedicated to a junior college district under Section 20.48(e),
[Texas] Education Code, shall be eliminated from the calculation of

the tax rate adopted by the governing body of the school district. However, the funds dedicated to the junior college district are subject to Section 26.085 of this code.

(i) In calculating the school district rollback tax rate for a school district for the 1993 tax year, county education district taxes received by the school district for the 1992-1993 school year are treated as state funds distributed to the district under Chapter 16, Education Code, for that school year. This subsection expires January 1, 1995.

~~[(g)--If a school district is certified by the commissioner of education under Section 16.251(c), Education Code, to have been subject to a reduction in total revenue for the school year ending on August 31 of the tax year:~~

~~[(1)--the district's effective maintenance and operations rate for the tax year is calculated as provided by Section 26.012, except that last year's levy is reduced by the amount of taxes imposed in the preceding year, if any, to offset the amount of any reduction certified by the commissioner of education under Section 16.251(c), Education Code, for the school year ending on August 31 of the preceding year, and~~

~~[(2)--the district's rollback tax rate for the tax year calculated as provided by Section 26.04 or by Subsection (e) of this section, as applicable, is increased by the tax rate that, if applied to the current total value for the school district, would impose taxes in an amount equal to the amount of the reduction certified by the commissioner of education under Section 16.251(c), Education Code, for the school year ending on August 31 of the tax~~

1 year.

2 [(1)--If-a-school-district-is-certified-by-the-commissioner
3 of--education-under-Section-16.254(e),-Education-Code,-to-have-been
4 subject-to-a-reduction-in-state-funds-for-the-school-year-ending-on
5 August-31-of-the-tax-year-

6 [(1)--the---district's---effective---maintenance---and
7 operations---rate---for---the---tax---year---is-calculated-as-provided-by
8 Section-26.012,-except-that-last-year's---levy---is---reduced---by---the
9 amount---of---taxes---imposed-in-the-preceding-year,-if-any,-to-offset
10 the-amount-of---any---reduction---in---state---funds---certified---by---the
11 commissioner-of-education-under-Section-16.254,-Education-Code,-for
12 the-school-year-ending-on-August-31-of-the-preceding-year,-and

13 [(2)--the-district's-rollback-tax-rate-for-the-tax-year
14 calculated--as--provided--by--Section-26.04-or-by-Subsection-(e)-of
15 this-section,-as-applicable,-is-increased-by-the-tax-rate-that,-if
16 applied--to--the-current-total-value-for-the-school-district,-would
17 impose-taxes-in-an-amount-equal-to-the-amount-of-the--reduction--in
18 state--funds--certified--by--the--commissioner--of--education-under
19 Section-16.254,-Education-Code,-for--the--school--year--ending--on
20 August-31-of-the-tax-year-

21 [(j)--In--a--school-district-that-received-distributions-from
22 an-equalization-tax-imposed-under-Chapter-18,-Education--Code,-the
23 effective--rate--of--that--tax--as--of--the-date-of-the-county-unit
24 system's-abolition-is-added-to-the-district's-effective-maintenance
25 and-operations-rate-under-Subsections-(a)-and-(e)-of--this--section
26 in-the-calculation-of-the-district's-rollback-tax-rate.]

27 SECTION 2.05. It is the intent of the 73rd Legislature that,

1 in case of a conflict, the funding provisions for an optional
2 extended year program as provided by Section 21.562, Education
3 Code, as added by this Act, control over any other funding
4 provisions for the program enacted by the 73rd Legislature during
5 its regular session.

6 SECTION 2.06. (a) Notwithstanding the requirement in
7 Section 16.254, Education Code, as amended by this Act, requiring
8 determinations under that section to be based on estimates provided
9 under Section 16.2541, Education Code, as added by this Act, or on
10 different estimates provided by the General Appropriations Act, for
11 the biennium ending August 31, 1995, determinations required under
12 Section 16.254 shall be based on estimates provided by the
13 Legislative Budget Board model run, number 401, as adjusted to
14 reflect options exercised by school districts under Chapter 36,
15 Education Code, as added by this Act.

16 (b) Changes in funding to school districts for special
17 education under Sections 16.151(a) and (b), Education Code, and
18 under Section 16.101, Education Code, to the extent of its
19 reference to the mainstream instructional arrangement, as those
20 sections are amended by this Act, apply beginning with the
21 1994-1995 school year. For the 1993-1994 school year, the weights
22 provided by Sections 16.151(a) and (b), Education Code, as those
23 sections existed before amendment by this Act, apply to funding to
24 school districts for special education and those sections are
25 continued in effect for that purpose.

26 (c) Any other changes in the funding of public schools made
27 by this Act apply beginning with the 1993-1994 school year.

1 SECTION 2.07. To the extent that reenactment of Chapter 16,
2 Education Code, by this article conflicts with another enactment of
3 the 73rd Legislature, Regular Session, 1993, amending a provision
4 of that chapter, the other enactment prevails without regard to the
5 relative dates of enactment.

6 SECTION 2.08. This article takes effect immediately.

7 ARTICLE 3

8 SECTION 3.01. Section 21.032(c), Education Code, is amended
9 to read as follows:

10 (c) Unless specifically exempted by Section 21.033 of this
11 code, a student enrolled in a public school district must attend an
12 extended year program provided by a school district for which the
13 student is eligible or tutorial classes required by the district
14 under Section 21.103(b) of this code. A district shall provide
15 transportation services to students required to attend an extended
16 year program provided by a school district in the same manner as
17 during the regular school year. A school district is not required
18 to provide transportation services to accommodate [such] students
19 required to attend tutorial classes under Section 21.103(b).

20 SECTION 3.02. Section 21.502, Education Code, is amended to
21 read as follows:

22 Sec. 21.502. DEFINITIONS. As used in this subchapter,
23 "special services" means:

24 (1) "special teaching," which may be provided by
25 professional and paraprofessional personnel in the following
26 instructional settings:

27 (A) resource room;

(B) self-contained classroom, regular or special campus;

(C) hospital or community class;

(D) homebound or bedside;

(E) speech or hearing therapy class; or

(F) mainstream; or

(2) "related services," which are developmental, corrective, supportive, or evaluative services, not instructional in nature, that may be required for the proper development and implementation of a handicapped student's individualized educational plan, including but not limited to special transportation, school health services, counseling with students or families, psychological services, audiological services, visual training, medical or psychiatric diagnostic services, occupational therapy, physical therapy, recreational therapy, social work services, parent counseling and training, adaptive equipment, special seating, orientation and mobility training, speech therapy, music therapy, and corrective therapy.

SECTION 3.03. Section 21.506(b), Education Code, is amended to read as follows:

(b) Except as provided by Subsection (c) of this section, contracts for residential placements when approved may be paid for from a combination of federal, state, and local funds. The local share of the total contract cost per pupil is that portion of the local tax effort (total dollars generated by debt service and maintenance taxes) which exceeds the district's local fund assignment under Section 16.252, divided by the average daily

attendance in the district. If the contract involves a private facility, the state share of the total contract cost is that which remains after subtracting the local share. If the contract involves a public facility other than a program or facility administered by the Central Education Agency, the state share is that which remains after subtracting the local share from that portion of the contract which involves the costs of instructional and related services. If the contract involves a program or facility administered by the Central Education Agency, there is no state share paid from this program.

SECTION 3.04. Subchapter O, Chapter 21, Education Code, is amended by adding Sections 21.562 and 21.563 to read as follows:

Sec. 21.562. STATE-FUNDED OPTIONAL EXTENDED YEAR PROGRAM.

(a) A school district may apply to the commissioner of education for funding and approval of an extended year program for a period not to exceed 30 days for students in kindergarten through grade level eight who are identified as likely not to be promoted to the next grade level for the succeeding school year.

(b) The commissioner may adopt rules for the administration of programs provided under this section.

(c) A school district may not enroll more than 12 students in a class provided under this section.

(d) Each class provided under this section shall be taught by a teacher who has completed successfully a program that provides training to teach a class under this section and that satisfies standards the commissioner establishes.

(e) A student who attends at least 85 percent of the program

1 days of a program under this section shall be promoted to the next
2 grade level at the beginning of the next school year unless a
3 parent of the student presents a written request to the school
4 principal that the student not be promoted to the next grade level.
5 As soon as practicable after receiving the request from a parent,
6 the principal shall hold a formal meeting with the student's
7 parent, extended year program teacher, and counselor. During the
8 meeting, the principal, teacher, or counselor shall explain the
9 longitudinal statistics on the academic performance of students who
10 are not promoted to the next grade level and provide information on
11 the effect of retention on a student's self-esteem and on the
12 likelihood of a student dropping out of school. After the meeting,
13 the parent may withdraw the request that the student not be
14 promoted to the next grade level. If the parent of a student
15 eligible for promotion under this subsection withdraws the request,
16 the student shall be promoted. If a student is promoted under this
17 subsection, the school district shall continue to use innovative
18 practices to ensure that the student is successful in school in
19 succeeding years.

20 (f) A school district that provides a program under this
21 section shall adopt a policy designed to lead to immediate
22 reduction and ultimate elimination of student retention.

23 (g) A school district may apply for approval under this
24 section only for a pilot program for students in grade level one
25 for the 1993-1994 school year and only for a pilot program for
26 students in grade levels one and two for the 1994-1995 school year.
27 The state's share of a pilot program under this section may not

1 exceed the amount appropriated for program purposes. Funds
2 provided to a pilot program may be used for transportation of
3 eligible students. This subsection expires September 1, 1995.

4 Sec. 21.563. OPTIONAL EXTENDED YEAR PROGRAM. (a) A school
5 district may apply to the commissioner of education for approval to
6 provide an extended year program for a period not to exceed 45 days
7 for students in kindergarten through grade level eight who would
8 otherwise not be promoted.

9 (b) In order to provide the funding necessary for a program
10 approved under this section, with the approval of the commissioner,
11 a school district may provide a number of days of instruction for
12 students during the regular school term that is up to five days
13 less than the number otherwise required under Section 16.052(a). A
14 school district providing a program under this section is not
15 entitled to funding appropriated for purposes of providing programs
16 under Section 21.562.

17 (c) The commissioner may adopt rules for the administration
18 of programs provided under this section.

19 SECTION 3.05. Subchapter Z, Chapter 21, Education Code, is
20 amended by adding Section 21.939 to read as follows:

21 Sec. 21.939. LEGISLATIVE LOBBYIST OR LIAISON; PROHIBITION.

22 (a) A school district may not employ a person who is required to
23 register under Chapter 305, Government Code, by virtue of the
24 person's activities on behalf of the school district.

25 (b) A school district may not employ a person whose primary
26 duties are activities related to proposed legislation or
27 administrative action, including supplying information to members

1 of the legislative or executive branch, obtaining information from
 2 members of the legislative or executive branch, monitoring the
 3 progress of proposed legislation or administrative action, or
 4 acting as an advocate or proponent of proposed legislation or
 5 administrative action.

6 (c) A school district that employs a person in violation of
 7 this section is liable to this state for a civil penalty in an
 8 amount equal to three times the total compensation the district has
 9 paid to that person. The attorney general may sue to collect the
 10 penalty.

11 (d) If a civil penalty is imposed against a school district
 12 under this section, the commissioner of education shall reduce the
 13 amount allocated to the district from the foundation school fund in
 14 an amount equal to the compensation paid by the district to the
 15 person employed in violation of this section.

16 SECTION 3.06. This article takes effect immediately and
 17 applies beginning with the 1993-1994 school year.

18 ARTICLE 4

19 SECTION 4.01. Section 11.86(a), Education Code, is amended
 20 to read as follows:

21 (a) The comptroller shall conduct an annual study using
 22 comparable sales and generally accepted auditing and sampling
 23 techniques to determine the total value of all taxable property in
 24 each ~~[county-education]~~ school district ~~[and-each-of-its-component~~
 25 ~~school-districts]~~. The study shall determine the taxable value of
 26 all property and of each category of property within the district
 27 and the productivity value of all land that qualifies for appraisal

1 on the basis of its productive capacity and for which the owner has
2 applied for and received a productivity appraisal. The comptroller
3 shall make appropriate adjustments in the study to account for
4 actions taken under Chapter 36. In conducting the study, the
5 comptroller shall review the appraisal standards, procedures, and
6 methodology used by each appraisal district to determine the
7 taxable value of property in each school district. The review must
8 test the validity of the taxable values assigned to each category
9 of property by the appraisal district:

10 (1) using, if appropriate, samples selected through
11 generally accepted sampling techniques; and

12 (2) according to generally accepted standard
13 valuation, statistical compilation, and analysis techniques. If
14 the comptroller finds in the annual study that generally accepted
15 appraisal standards and practices were used by the appraisal
16 district in valuing a particular category of property, and that the
17 taxable values assigned to each category of property by the
18 appraisal district are valid, the appraisal roll value of that
19 category of property is presumed to represent taxable value. In
20 the absence of such a presumption, the comptroller shall estimate
21 the taxable value of that category of property using generally
22 accepted standard valuation, statistical compilation, and analysis
23 techniques. For the purposes of this section, "taxable value"
24 means market value less:

25 (1) the total dollar amount of any exemptions of part
26 but not all of the value of taxable property required by the
27 constitution or a statute that a district lawfully granted in the

1 year that is the subject of the study;

2 (2) the total dollar amount of any abatements
3 [exemptions] granted before May 31, 1993, within a reinvestment
4 zone under agreements authorized by the Property Redevelopment and
5 Tax Abatement Act (Chapter 312, Tax Code);

6 (3) the total dollar amount of any captured appraised
7 value of property that is located in a reinvestment zone and that
8 is eligible for tax increment financing under the Tax Increment
9 Financing Act (Chapter 311, Tax Code);

10 (4) the total dollar amount of any exemptions granted
11 under Section 11.251, Tax Code;

12 (5) the difference between the market value and the
13 productivity value of land that qualifies for appraisal on the
14 basis of its productive capacity, except that the productivity
15 value may not exceed the fair market value of the land;

16 (6) the portion of the appraised value of residence
17 homesteads of the elderly on which school district taxes are not
18 imposed in the year that is the subject of the study, calculated as
19 if the residence homesteads were appraised at the full value
20 required by law;

21 (7) a portion of the market value of property not
22 otherwise fully taxable by the district at market value because of
23 action required by statute or the Texas Constitution that, if the
24 tax rate adopted by the district is applied to it, produces an
25 amount equal to the difference between the tax that the district
26 would have imposed on the property if the property were fully
27 taxable at market value and the tax that the district is actually

1 authorized to impose on the property; and

2 (8) the market value of all tangible personal
3 property, other than manufactured homes, owned by a family or
4 individual and not held or used for the production of income.

5 SECTION 4.02. Subchapter B, Chapter 23, Education Code, is
6 amended by adding Section 23.34 to read as follows:

7 Sec. 23.34. CONTRACTS FOR EDUCATIONAL SERVICES. The board
8 of trustees of an independent school district may contract with a
9 public or private entity for that entity to provide educational
10 services for the district.

11 SECTION 4.03. Section 317.005(f), Government Code, is
12 amended to read as follows:

13 (f) The governor or board may adopt an order under this
14 section withholding or transferring any portion of the total amount
15 appropriated to finance the foundation school program for a fiscal
16 year. The governor or board may not adopt such an order if it
17 would result in an allocation of money between particular programs
18 or statutory allotments under the foundation school program
19 contrary to the statutory proration formula provided by Section
20 16.254(h) [16.254(d)], Education Code. The governor or board may
21 transfer an amount to the total amount appropriated to finance the
22 foundation school program for a fiscal year and may increase the
23 basic allotment. The governor or board may adjust allocations of
24 amounts between particular programs or statutory allotments under
25 the foundation school program only for the purpose of conforming
26 the allocations to actual pupil enrollments or attendance.

27 SECTION 4.04. Section 1.04(12), Tax Code, is amended to read

as follows:

(12) "Taxing unit" means a county, an incorporated city or town (including a home-rule city), a school district, [~~a county---education--district,~~] a special district or authority (including a junior college district, a hospital district, a district created by or pursuant to the Water Code, a mosquito control district, a fire prevention district, or a noxious weed control district), or any other political unit of this state, whether created by or pursuant to the constitution or a local, special, or general law, that is authorized to impose and is imposing ad valorem taxes on property even if the governing body of another political unit determines the tax rate for the unit or otherwise governs its affairs.

SECTION 4.05. Section 6.02, Tax Code, is amended by amending Subsections (b) and (f) and adding Subsection (g) to read as follows:

(b) A taxing unit [~~other-than-a-county--education--district~~] that has boundaries extending into two or more counties may choose to participate in only one of the appraisal districts. In that event, the boundaries of the district chosen extend outside the county to the extent of the unit's boundaries. To be effective, the choice must be approved by resolution of the board of directors of the district chosen. The choice of a school district to participate in a single appraisal district does not apply to property annexed to the school district under Subchapter C or G, Chapter 36, Education Code, unless:

(1) the school district taxes property other than

1 property annexed to the district under Subchapter C or G, Chapter
 2 36, Education Code, in the same county as the annexed property; or

3 (2) the annexed property is contiguous to property in
 4 the school district other than property annexed to the district
 5 under Subchapter C or G, Chapter 36, Education Code. [A--county
 6 education--district--that-has-boundaries-extending-into-two-or-more
 7 counties-must-participate-in-each-appraisal-district-in--which--one
 8 of--its--component--school--districts--participates-for-purposes-of
 9 appraisal-of-the-component-school-district's-territory-]

10 (f) All costs of operating an appraisal district in
 11 territory outside the county for which the appraisal district is
 12 established are allocated to the taxing unit for which the
 13 appraisal district appraises property in [that-chooses-to-add] that
 14 territory [to-the-district]. If the appraisal district appraises
 15 property in the same territory for two or more taxing units [add
 16 the-same-territory-to-an-appraisal-district], costs of operating
 17 the district in that territory are allocated to the units in the
 18 proportion the total dollar amount of taxes each unit imposes in
 19 that territory bears to the total dollar amount of taxes all taxing
 20 units participating in the appraisal district impose in that
 21 territory.

22 (g) If property is annexed to a school district under
 23 Subchapter C or G, Chapter 36, Education Code, the appraisal
 24 district established for the county in which the property is
 25 located shall appraise the property for the school district, and
 26 the school district participates in that appraisal district for
 27 purposes of the appraisal of that property, except as otherwise

1 permitted by Subsection (b).

2 SECTION 4.06. Section 6.03, Tax Code, is amended by amending
3 Subsections (c)-(e) and adding Subsection (m) to read as follows:

4 (c) Members of the board of directors are appointed by vote
5 of the governing bodies of the incorporated cities and towns, the
6 school districts [~~other-than-the-county-education--district~~], and,
7 if entitled to vote, the conservation and reclamation districts
8 that participate in the district and of the county. A governing
9 body may cast all its votes for one candidate or distribute them
10 among candidates for any number of directorships. Conservation and
11 reclamation districts are not entitled to vote unless at least one
12 conservation and reclamation district in the district delivers to
13 the chief appraiser a written request to nominate and vote on the
14 board of directors by June 1 of each odd-numbered year. On receipt
15 of a request, the chief appraiser shall certify a list by June 15
16 of all eligible conservation and reclamation districts that are
17 imposing taxes and that participate in the district.

18 (d) The voting entitlement of a taxing unit that is entitled
19 to vote for directors is determined by dividing the total dollar
20 amount of property taxes imposed in the district by the taxing unit
21 for the preceding tax year by the sum of the total dollar amount of
22 property taxes imposed in the district for that year by each taxing
23 unit that is entitled to vote, by multiplying the quotient by
24 1,000, and by rounding the product to the nearest whole number.
25 That number is multiplied by the number of directorships to be
26 filled. [~~For--a--school--district,--the--total--dollar-amount-of~~
27 ~~property-taxes-imposed-in-the-district-by-the-unit-is-considered-to~~

1 ~~be the sum of the taxes imposed by the district and the revenue~~
 2 ~~received by the district from the county education district.]~~ A
 3 taxing unit participating in two or more districts is entitled to
 4 vote in each district in which it participates, but only the taxes
 5 imposed in a district are used to calculate voting entitlement in
 6 that district.

7 (e) The chief appraiser shall calculate the number of votes
 8 to which each taxing unit other than a conservation and reclamation
 9 district is entitled and shall deliver written notice to each of
 10 those units of its voting entitlement before October 1 of each
 11 odd-numbered year. The chief appraiser shall deliver the notice:

12 (1) to the county judge and each commissioner of the
 13 county served by the appraisal district;

14 (2) to the presiding officer of the governing body of
 15 each city or town participating in the appraisal district, to the
 16 city manager of each city or town having a city manager, and to the
 17 city secretary or clerk, if there is one, of each city or town that
 18 does not have a city manager; and

19 (3) to the presiding officer of the governing body of
 20 each school district~~[other than the county education district]~~
 21 participating in the district and to the superintendent of those
 22 school districts.

23 (m) If a school district participates in an appraisal
 24 district in which the only property of the school district located
 25 in the appraisal district is property annexed to the school
 26 district under Subchapter C or G, Chapter 36, Education Code, an
 27 individual who does not meet the residency requirements of

Subsection (a) is eligible to be appointed to the board of directors of the appraisal district if:

(1) the individual is a resident of the school district; and

(2) the individual is nominated as a candidate for the board of directors by the school district or, if the taxing units have adopted a change in the method of appointing board members that does not require a nomination, the school district appoints or participates in the appointment of the individual.

SECTION 4.07. Sections 6.06(d) and (h), Tax Code, are amended to read as follows:

(d) Each taxing unit participating in the district[~~7-other than-a-county-education-district7~~] is allocated a portion of the amount of the budget equal to the proportion that the total dollar amount of property taxes imposed in the district by the unit for the tax year in which the budget proposal is prepared bears to the sum of the total dollar amount of property taxes imposed in the district by each participating unit for that year. [~~For-a-school district7-other-than-a-county-education-district7-the-total-dollar amount--of--property--taxes--imposed-in-the-district-by-the-unit-is considered-to-be-the-sum-of-the-taxes-imposed-by-the--district--and the--revenue--received--by--the--district-from-the-county-education district7~~] If a taxing unit participates in two or more districts, only the taxes imposed in a district are used to calculate the unit's cost allocations in that district. If the number of real property parcels in a taxing unit is less than 5 percent of the total number of real property parcels in the district and the

1 taxing unit imposes in excess of 25 percent of the total amount of
2 the property taxes imposed in the district by all of the
3 participating taxing units for a year, the unit's allocation may
4 not exceed a percentage of the appraisal district's budget equal to
5 three times the unit's percentage of the total number of real
6 property parcels appraised by the district.

7 (h) If a newly formed taxing unit or a taxing unit that did
8 not impose taxes in the preceding year[~~7--other-than-a-county~~
9 ~~education-district~~7] imposes taxes in any tax year, that unit is
10 allocated a portion of the amount budgeted to operate the district
11 as if it had imposed taxes in the preceding year, except that the
12 amount of taxes the unit imposes in the current year is used to
13 calculate its allocation. Before the amount of taxes to be imposed
14 for the current year is known, the allocation may be based on an
15 estimate to which the district board of directors and the governing
16 body of the unit agree, and the payments made after that amount is
17 known shall be adjusted to reflect the amount imposed. The
18 payments of a newly formed taxing unit that has no source of funds
19 are postponed until the unit has received adequate tax or other
20 revenues.

21 SECTION 4.08. Sections 11.13(d), (e), (m), and (n), Tax
22 Code, are amended to read as follows:

23 (d) In addition to the exemptions provided by Subsections
24 (b) and (c) of this section, an individual who is disabled or is 65
25 or older is entitled to an exemption from taxation by a taxing unit
26 of a portion (the amount of which is fixed as provided by
27 Subsection (e) of this section) of the appraised value of his

1 residence homestead if the exemption is adopted either:

2 (1) by the governing body of the taxing unit [~~other~~
3 ~~than-a-county-education-district~~]; or

4 (2) by a favorable vote of a majority of the qualified
5 voters of the taxing unit at an election called by the governing
6 body of a taxing unit [~~other-than-a-county-education-district~~], and
7 the governing body shall call the election on the petition of at
8 least 20 percent of the number of qualified voters who voted in the
9 preceding election of the taxing unit[~~or~~

10 [~~{3}--by--a--favorable--vote--of--a--majority--of---the~~
11 ~~qualified-voters-of-a-county-education-district-at-an-election-held~~
12 ~~under-Section-20.9507-Education-Code~~].

13 (e) The amount of an exemption adopted as provided by
14 Subsection (d) of this section is \$3,000 of the appraised value of
15 the residence homestead unless a larger amount is specified by:

16 (1) the governing body authorizing the exemption if
17 the exemption is authorized as provided by Subdivision (1) of
18 Subsection (d) of this section; or

19 (2) the petition for the election if the exemption is
20 authorized as provided by Subdivision (2) of Subsection (d) of this
21 section[~~or~~

22 [~~{3}--the-proposition--approved--at--an--election--held~~
23 ~~under-Section-20.9507-Education-Code~~].

24 (m) In this section:

25 (1) "Disabled" means under a disability for purposes
26 of payment of disability insurance benefits under Federal Old-Age,
27 Survivors, and Disability Insurance.

1 (2) "School district" means a political subdivision
2 organized to provide general elementary and secondary public
3 education. [~~"School district" includes a county education district~~
4 ~~established by the consolidation of the local school districts in~~
5 ~~its boundaries for the limited purpose of exercising a portion of~~
6 ~~the taxing power previously authorized by the voters in those~~
7 ~~school districts.~~] "School district" does not include a junior
8 college district or a political subdivision organized to provide
9 special education services.

10 (n) In addition to any other exemptions provided by this
11 section, an individual is entitled to an exemption from taxation by
12 a taxing unit [~~other than a county education district~~] of a
13 percentage of the appraised value of his residence homestead if the
14 exemption is adopted by the governing body of the taxing unit
15 before May 1 in the manner provided by law for official action by
16 the body. If the percentage set by the taxing unit produces an
17 exemption in a tax year of less than \$5,000 when applied to a
18 particular residence homestead, the individual is entitled to an
19 exemption of \$5,000 of the appraised value. The percentage adopted
20 by the taxing unit may not exceed 20 percent. [~~In addition to any~~
21 ~~other exemptions provided by this section, an individual is~~
22 ~~entitled to an exemption from taxation by a county education~~
23 ~~district of a percentage of the appraised value of his residence~~
24 ~~homestead if the exemption is adopted by the voters of the district~~
25 ~~at an election held in the district for that purpose under Section~~
26 ~~20-9467, Education Code.~~] If the percentage set by the voters
27 produces an exemption in a tax year of less than \$5,000 when

1 applied to a particular residence homestead, the individual is
2 entitled to an exemption of \$5,000 of the appraised value. The
3 percentage adopted by the voters may not exceed 20 percent.

4 SECTION 4.09. Sections 11.14(c) and (e), Tax Code, are
5 amended to read as follows:

6 (c) The governing body of a taxing unit, [~~other-than-a~~
7 ~~county-education-district,~~] by resolution or order, depending upon
8 the method prescribed by law for official action by that governing
9 body, may provide for taxation of tangible personal property
10 exempted under Subsection (a). [~~The-voters-of-a-county-education~~
11 ~~district,-by-an-election-held-under-Section-20-951,-Education-Code,~~
12 ~~may-provide-for-taxation-of--tangible--personal--property--exempted~~
13 ~~under--Subsection--(a)-.~~] If a taxing unit provides for taxation of
14 tangible personal property as provided by this subsection, the
15 exemption prescribed by Subsection (a) does not apply to that unit.

16 (e) A political subdivision [~~other-than-a-county-education~~
17 ~~district]~~ choosing to tax property otherwise made exempt by this
18 section, pursuant to Article VIII, Section 1(e), of the Texas
19 Constitution, may not do so until the governing body of the
20 political subdivision has held a public hearing on the matter,
21 after having given notice of the hearing at the times and in the
22 manner required by this subsection, and has found that the action
23 will be in the public interest of all the residents of that
24 political subdivision. At the hearing, all interested persons are
25 entitled to speak and present evidence for or against taxing the
26 property. Not later than the 30th day prior to the date of a
27 hearing held under this subsection, notice of the hearing must be:

1 (1) published in a newspaper having general
2 circulation in the political subdivision and in a section of the
3 newspaper other than the advertisement section;

4 (2) not less than one-half of one page in size; and

5 (3) republished on not less than three separate days
6 during the period beginning with the 10th day prior to the hearing
7 and ending with the actual date of the hearing.

8 SECTION 4.10. Section 21.01, Tax Code, is amended to read as
9 follows:

10 Sec. 21.01. REAL PROPERTY. Real property is taxable by a
11 taxing unit if located in the unit on January 1, except as provided
12 by Chapter 36, Education Code.

13 SECTION 4.11. Section 21.02, Tax Code, is amended to read as
14 follows:

15 Sec. 21.02. TANGIBLE PERSONAL PROPERTY GENERALLY. (a)
16 Except as provided by Subsection (b) and Sections 21.021, 21.04,
17 and 21.05 [~~of this code~~], tangible personal property is taxable by
18 a taxing unit if:

19 (1) it is located in the unit on January 1 for more
20 than a temporary period;

21 (2) it normally is located in the unit, even though it
22 is outside the unit on January 1, if it is outside the unit only
23 temporarily;

24 (3) it normally is returned to the unit between uses
25 elsewhere and is not located in any one place for more than a
26 temporary period; or

27 (4) the owner resides (for property not used for

1 business purposes) or maintains his principal place of business in
2 this state (for property used for business purposes) in the unit
3 and the property is taxable in this state but does not have a
4 taxable situs pursuant to Subdivisions (1) through (3) of this
5 section.

6 (b) Tangible personal property having taxable situs at the
7 same location as real property detached from a school district and
8 annexed by another school district under Chapter 36, Education
9 Code, is taxable in the tax year in which the detachment and
10 annexation occurs by the same school district by which the real
11 property is taxable in that tax year under Chapter 36, Education
12 Code. For purposes of this subsection and Chapter 36, Education
13 Code, tangible personal property has taxable situs at the same
14 location as real property detached and annexed under Chapter 36,
15 Education Code, if the detachment and annexation of the real
16 property, had it occurred before January 1 of the tax year, would
17 have changed the taxable situs of the tangible personal property
18 determined as provided by Subsection (a) from the school district
19 from which the real property was detached to the school district to
20 which the real property was annexed.

21 (c) Tangible personal property has taxable situs in a school
22 district that is the result of a consolidation under Chapter 36,
23 Education Code, in the year in which the consolidation occurs if
24 the property would have had taxable situs in the consolidated
25 district in that year had the consolidation occurred before January
26 1 of that year.

27 SECTION 4.12. Section 25.25, Tax Code, is amended by adding

1 Subsection (h) to read as follows:

2 (h) The chief appraiser shall change the appraisal records
3 and school district appraisal rolls promptly to reflect the
4 detachment and annexation of property among school districts under
5 Subchapter C or G, Chapter 36, Education Code.

6 SECTION 4.13. The following provisions are repealed:

7 (1) Section 1.05 and Subchapter G, Chapter 20,
8 Education Code;

9 (2) Sections 6.061(f), 26.12(e), and 312.002(e) and
10 (f), Tax Code.

11 SECTION 4.14. Effective September 1, 1993, each county
12 education district created under Section 2, Chapter 20, Acts of the
13 72nd Legislature, Regular Session, 1991, is abolished.

14 SECTION 4.15. (a) On August 31, 1993, each county education
15 district shall transfer its funds to its component school districts
16 in the manner provided by rule of the commissioner of education,
17 except any penalties paid to a county education district in 1993
18 shall be allocated to the school district that is the situs of the
19 property that incurred the penalties.

20 (b) On September 1, 1993, any assets of a county education
21 district other than funds are transferred to its component school
22 districts in the manner and amounts provided by rule of the
23 commissioner of education.

24 (c) On September 1, 1993, the contracts and other
25 liabilities of a county education district are transferred to its
26 component school districts in the manner and amounts, including
27 joint obligations, provided by rule of the commissioner of

1 education.

2 (d) The records of the board of a county education district
3 shall be maintained as provided by rule of the commissioner of
4 education.

5 (e) The component school districts of a county education
6 district abolished by this Act may collect and use or distribute
7 taxes imposed by the county education district that are delinquent
8 in the manner provided by rule of the commissioner of education.

9 SECTION 4.16. This article takes effect immediately and
10 applies beginning with the 1993-1994 school year.

11 ARTICLE 5

12 SECTION 5.01. Subchapter Z, Chapter 13, Education Code, is
13 amended by adding Section 13.914 to read as follows:

14 Sec. 13.914. LOANED TEACHERS. (a) A school district may by
15 agreement with a business, including a sole proprietorship or
16 corporation, accept for special employment as a classroom teacher
17 with the district a person employed by the business subject to the
18 conditions prescribed by Subsection (b).

19 (b) An agreement under Subsection (a) must provide that:

20 (1) the salary of the loaned teacher is paid by the
21 business according to the contractual relationship between the
22 business and the loaned teacher;

23 (2) the school district shall supervise the loaned
24 teacher in the performance of teaching activities; and

25 (3) all health and accident insurance and pension
26 benefits of the loaned teacher are the exclusive obligation of the
27 business.

(c) The commissioner of education may adopt guidelines for an agreement under this section and may authorize the expenditure of Central Education Agency funds for the recruiting and employment of loaned teachers under this section.

(d) The State Board of Education by rule may provide a one-year exemption for a loaned teacher from the teacher certification requirements of this chapter and may provide minimum standards and educational experience for qualifications for the exemption.

SECTION 5.02. This article takes effect immediately.

ARTICLE 6

SECTION 6.01. Sections 4.25(a) and (b), Education Code, are amended to read as follows:

(a) If any parent or person standing in parental relation to a child, within the compulsory school attendance ages and not lawfully exempt or properly excused from school attendance, fails to require such child to attend school for such periods as required by law, it shall be the duty of the proper attendance officer to warn, in writing, the parent or person standing in parental relation that attendance must be immediately required. If after this warning the parent or person standing in parental relation intentionally, knowingly, recklessly, or with criminal negligence fails to require the child to attend school as required by law and the child has unexcused voluntary absences for the amount of time specified under Section 51.03(b)(2), Family Code, the parent or person standing in parental relation commits an offense. The attendance officer shall file a complaint against him in the county

1 court, in the justice court of his resident precinct, or in the
 2 municipal court of the municipality in which he resides or in the
 3 municipality or justice of the peace precinct in which the school
 4 is located. In addition, if the child has unexcused voluntary
 5 absences for the amount of time specified under Section
 6 51.03(b)(2), Family Code [~~been-voluntarily-absent-from--school--for~~
 7 ~~10-or-more-days-or-parts-of-days-within-a-six-month-period-or-three~~
 8 ~~or-more-days-or-parts-of-days-within-a-four-week-period-without-the~~
 9 ~~consent--of--his--parents~~], the attendance officer shall refer the
 10 child to the county juvenile probation department for action as
 11 conduct indicating a need for supervision under that section
 12 [~~Section-51.03(b), Family Code~~]. A court in which a complaint is
 13 filed under this subsection shall give preference to a hearing on
 14 the complaint over other cases before the court. An offense under
 15 this section is punishable by a fine of not less than \$10 [~~\$5~~] nor
 16 more than \$50 [~~\$25~~] for the first offense, not less than \$20 [~~\$10~~]
 17 nor more than \$100 [~~\$50~~] for the second offense, and not less than
 18 \$50 [~~\$25~~] nor more than \$200 [~~\$100~~] for a subsequent offense. Each
 19 day the child remains out of school after the warning has been
 20 given or the child ordered to school by the juvenile court may
 21 constitute a separate offense. If the court probates the sentence,
 22 the court may require the defendant to render personal services to
 23 a charitable or educational institution as a condition of
 24 probation.

25 (b) A fine collected under this section shall be deposited
 26 as follows:

27 (1) one-half shall be deposited to the credit of the

operating fund of the school district in which the child attends
school; and

(2) one-half shall be deposited to the credit of:

(A) the general fund of the county, if the
complaint is filed in the county court or justice court; or

(B) the general fund of the municipality, if the
complaint is filed in municipal court [~~It--is--a--defense--to~~
~~prosecution-under-Subsection-(a)-of-this-section-that-the-parent-or~~
~~person-standing-in-parental-relation-to--the--child--is--unable--to~~
~~compel-the-child-to-attend-school~~].

SECTION 6.02. Chapter 54, Family Code, is amended by adding
Section 54.043 to read as follows:

Sec. 54.043. MONITORING SCHOOL ATTENDANCE. If the court
places a child on probation under Section 54.04(d) and requires as
a condition of probation that the child attend school, the
probation officer charged with supervising the child shall monitor
the child's school attendance and report to the court if the child
is voluntarily absent from school.

SECTION 6.03. (a) The change in law made by this article
applies only to an offense committed on or after the effective date
of this article. For the purposes of this section, an offense is
committed before the effective date of this article if any element
of the offense occurs before the effective date.

(b) An offense committed before the effective date of this
article is covered by the law in effect when the offense was
committed, and the former law is continued in effect for that
purpose.

1 SECTION 6.04. This article takes effect September 1, 1993.

2 ARTICLE 7

3 SECTION 7.01. Title 2, Education Code, is amended by adding
4 Chapter 35 to read as follows:

5 CHAPTER 35. PUBLIC SCHOOL SYSTEM ACCOUNTABILITY

6 SUBCHAPTER A. GENERAL PROVISIONS

7 Sec. 35.001. PUBLIC EDUCATION GOALS. The objective of state
8 support and maintenance of a system of public education is
9 education for good citizenship and is grounded on the conviction
10 that a general diffusion of knowledge is essential for the welfare
11 of Texas and for the preservation of the liberties and rights of
12 citizens. The goals of public education are as follows:

13 GOAL A: All students shall have access to an education of
14 high quality that will prepare them to participate fully now and in
15 the future in the social, economic, and educational opportunities
16 available in Texas.

17 GOAL B: The achievement gap between educationally
18 disadvantaged students and other populations will be closed.
19 Through enhanced dropout prevention efforts, the graduation rate
20 will be raised to 95 percent of students who enter the seventh
21 grade.

22 GOAL C: The state shall demonstrate exemplary performance in
23 comparison to national and international standards for student
24 performance.

25 GOAL D: A well-balanced and appropriate curriculum will be
26 provided to all students.

27 GOAL E: Qualified and effective personnel will be attracted

1 and retained. Adequate and competitive compensation commensurate
2 with responsibilities will be ensured. Qualified staff in critical
3 shortage areas will be recruited, trained, and retained.

4 GOAL F: The organization and management of all levels of the
5 education system will be productive, efficient, and accountable.

6 GOAL G: Instruction and administration will be improved
7 through research that identifies creative and effective methods.
8 Demonstration programs will be developed and local initiatives
9 encouraged for new instructional arrangements and management
10 techniques. Technology will be used to increase the equity,
11 efficiency, and effectiveness of student learning, instructional
12 management, staff development, and administration.

13 SUBCHAPTER B. ASSESSMENT OF ACADEMIC SKILLS

14 Sec. 35.021. ESSENTIAL SKILLS AND KNOWLEDGE. (a) The State
15 Board of Education by rule shall establish the essential skills and
16 knowledge that all students should learn to achieve the goals
17 provided under Section 35.001.

18 (b) Before adopting rules under this section, the board
19 shall consider the comments of the Legislative Education Board as
20 required under Section 11.24.

21 Sec. 35.022. ASSESSMENT PROGRAM. (a) The State Board of
22 Education by rule shall create and implement a statewide assessment
23 program that is primarily performance-based to ensure school
24 accountability for student achievement that achieves the goals
25 provided under Section 35.001. After adopting rules under this
26 section, the State Board of Education shall consider the importance
27 of maintaining stability in the statewide assessment program when

1 adopting any subsequent modification of the rules.

2 (b) Before adopting rules under this section, the State
3 Board of Education shall consider the comments of the Legislative
4 Education Board as required under Section 11.24.

5 Sec. 35.023. ADOPTION AND ADMINISTRATION OF INSTRUMENTS.

6 (a) The Central Education Agency shall adopt appropriate
7 criterion-referenced assessment instruments designed to assess
8 competencies in reading, writing, social studies, science,
9 mathematics, and other subject areas determined by the State Board
10 of Education. Assessment in reading and mathematics shall be
11 annual for all nonexempt pupils in grades three through eight and
12 assessment shall be periodic in other areas as determined by the
13 State Board of Education.

14 (b) The Central Education Agency shall also adopt secondary
15 exit-level assessment instruments designed to assess competencies
16 in mathematics, social studies, science, and English language arts
17 and other subject areas determined by the State Board of Education.
18 The English language arts section must include the assessment of
19 writing competencies. The State Board of Education shall
20 administer the assessment instruments.

21 (c) The State Board of Education shall adopt a schedule for
22 the administration of secondary exit-level assessment instruments.
23 Each pupil who did not perform satisfactorily on any secondary
24 exit-level assessment instrument when initially tested shall be
25 given multiple opportunities to retake that assessment instrument.

26 (d) An assessment instrument adopted under this section may
27 include multiple sets of questions with one set administered to

1 each group of students assessed in order to enhance security and
2 broaden the total curriculum elements assessed.

3 (e) The assessment instruments shall be designed to include
4 assessment of a student's problem-solving ability and
5 complex-thinking skills.

6 (f) The assessment instruments required by Subsections (a)
7 and (b) must include assessments of social studies and science not
8 later than the 1994-1995 school year. The State Board of Education
9 may adopt a schedule for the addition of the assessment of those
10 subjects at the required grade levels in phases. This subsection
11 expires August 31, 1995.

12 (g) The State Board of Education may adopt one appropriate,
13 nationally recognized, norm-referenced assessment instrument in
14 reading and mathematics to be administered uniformly in the spring.
15 If adopted, a norm-referenced assessment instrument must be a
16 secured test. The state may pay the costs of purchasing and
17 scoring the adopted assessment instrument and of distributing the
18 results of the adopted instrument to the school districts. A
19 district that administers the norm-referenced test adopted under
20 this section shall report the results to the Central Education
21 Agency in a manner prescribed by the commissioner of education.

22 (h) Not later than the 1994-1995 school year, the Central
23 Education Agency shall adopt end-of-course tests for grades nine
24 through 12 for subjects as defined by the commissioner of education
25 and the State Board of Education.

26 (i) The Central Education Agency shall notify school
27 districts and campuses of the results of assessment instruments

1 administered under this section at the earliest possible date
2 determined by the State Board of Education but not later than the
3 beginning of the subsequent school year.

4 (j) The provisions of this section are subject to
5 modification by rules adopted under Section 35.022. Each
6 assessment instrument adopted under those rules must be reliable
7 and valid and must meet federal requirements for measurement of
8 student progress.

9 Sec. 35.024. SATISFACTORY PERFORMANCE. (a) The State Board
10 of Education shall determine the level of performance considered to
11 be satisfactory on the assessment instruments.

12 (b) Each school district shall offer an intensive program of
13 instruction for students who did not perform satisfactorily on an
14 assessment instrument administered under this subchapter. The
15 intensive programs shall be designed to enable the students to be
16 performing at grade level at the conclusion of the next regular
17 school term.

18 (c) The Central Education Agency shall develop and
19 distribute study guides to assist parents in providing assistance
20 during the period that school is recessed for summer to students
21 who do not perform satisfactorily on one or more parts of an
22 assessment instrument administered under this subchapter. The
23 commissioner of education shall retain a portion of the total
24 amount of funds allotted under Section 16.152(a) that the
25 commissioner considers appropriate to finance the development and
26 distribution of the study guides and shall reduce each district's
27 allotment proportionately.

1 Sec. 35.025. EXIT-LEVEL PERFORMANCE REQUIRED. (a) A
2 student may not receive a high school diploma until the student has
3 performed satisfactorily on the secondary exit-level assessment
4 instruments for reading, writing, and mathematics. The State Board
5 of Education shall adopt a schedule for the addition of
6 satisfactory performance on secondary exit-level assessment
7 instruments in other subject areas as a requirement for receipt of
8 a high school diploma.

9 (b) Each time a secondary exit-level assessment instrument
10 is administered, a student who has not been given a high school
11 diploma because of a failure to perform satisfactorily on the
12 assessment instrument for that subject area may retake the
13 assessment instrument.

14 (c) A student who has been denied a high school diploma
15 under Subsections (a) and (b) and who subsequently performs
16 satisfactorily on each secondary exit-level assessment instrument
17 shall be issued a high school diploma.

18 Sec. 35.026. LOCAL OPTION. In addition to the assessment
19 instruments adopted by the Central Education Agency and
20 administered by the State Board of Education, a local school
21 district may adopt and administer criterion-referenced or
22 norm-referenced assessment instruments, or both, at any grade
23 level. A norm-referenced assessment instrument adopted under this
24 section must be economical, nationally recognized, and
25 state-approved.

26 Sec. 35.027. EXEMPTION. (a) Any student who has a physical
27 or mental impairment or a learning disability that prevents the

1 student from mastering the competencies which the academic skills
2 assessment instruments are designed to measure may be exempted from
3 the requirements of this subchapter.

4 (b) The State Board of Education shall adopt rules under
5 which a district may determine if a student is eligible for an
6 exemption under this section. The Central Education Agency shall
7 closely monitor compliance with those rules.

8 (c) The State Board of Education shall adopt rules under
9 which a dyslexic student who is not exempt under this section may
10 utilize procedures including but not limited to oral examinations
11 where appropriate and the allowance of additional time and the
12 materials or technology necessary for the student to demonstrate
13 the student's mastery of the competencies the assessment
14 instruments are designed to measure.

15 Sec. 35.028. COMPARISON OF STATE RESULTS TO NATIONAL
16 RESULTS. The state assessment program shall obtain nationally
17 comparative results for the subject areas and grade levels for
18 which criterion-referenced assessment instruments are adopted under
19 Section 35.023 of this code.

20 Sec. 35.029. MIGRANT WORKERS. (a) The State Board of
21 Education by rule may provide alternate dates for the
22 administration of the assessments to a student whose parent or
23 guardian is a migrant worker and who travels with the parent or
24 guardian. The alternate dates may be chosen following a
25 consideration of migrant work patterns, and the dates selected may
26 afford maximum opportunity for the students to be present when the
27 assessment instruments are administered.

1 (b) In this section, "migrant worker" means an individual
2 who is employed in agricultural labor of a seasonal or temporary
3 nature and whose work requires the individual to be absent
4 overnight from the individual's residence.

5 Sec. 35.030. CONFIDENTIALITY; PERFORMANCE REPORTS. (a) In
6 adopting academic skills assessment instruments under this
7 subchapter, the State Board of Education or a local school district
8 shall ensure the security of the instruments and tests in their
9 preparation, administration, and grading. Meetings or portions of
10 meetings held by the State Board of Education or a local school
11 district at which individual assessment instruments or assessment
12 instrument items are discussed or adopted are not open to the
13 public under Chapter 271, Acts of the 60th Legislature, Regular
14 Session, 1967 (Article 6252-17, Vernon's Texas Civil Statutes), and
15 the assessment instruments or assessment instrument items are
16 confidential.

17 (b) The results of individual student performance on
18 academic skills assessment instruments administered under this
19 subchapter are confidential and may be made available only to the
20 student, the student's parent or guardian, the school personnel
21 directly involved with the student's educational program, and the
22 Central Education Agency as required by this subchapter. However,
23 overall student performance data shall be aggregated by grade
24 level, subject area, campus, and district and made available to the
25 public, with appropriate interpretations, at regularly scheduled
26 meetings of the governing board of each school district. The
27 information may not contain the names of individual students or

1 teachers. The commissioner of education shall compile all of the
 2 data and report it to the legislature, lieutenant governor, and
 3 governor no later than January 1 of each odd-numbered year.

4 (c) In compiling performance data under Subsection (b), a
 5 district or the commissioner of education may aggregate separately
 6 from the performance data of other students the performance data of
 7 students enrolled in:

8 (1) a bilingual education or special language program
 9 under Subchapter L, Chapter 21; or

10 (2) a special education program under Subchapter N,
 11 Chapter 21.

12 Sec. 35.031. COST. The cost of preparing, administering, or
 13 grading the assessment instruments shall be paid from the
 14 compensatory aid provided by Section 16.152, and each district
 15 shall bear the cost in the same manner described for a reduction in
 16 allotments under Section 16.254. If a district does not receive an
 17 allocation of compensatory aid, the commissioner of education shall
 18 subtract the cost from the district's other foundation school fund
 19 allocations.

20 Sec. 35.032. BIENNIAL REPORTS. The State Board of Education
 21 shall biennially report to the legislature an evaluation of the
 22 correlation between student grades and student performance on
 23 assessment instruments administered under this subchapter. The
 24 report may be included with other reports made as required by law.

25 Sec. 35.033. ASSESSMENT INSTRUMENT STANDARDS; CIVIL PENALTY.
 26 (a) A company or organization may not distribute to, sell to, or
 27 grade for the same school district the same form of an assessment

1 instrument for more than three school years. A school district may
2 not use the same form of an assessment instrument for more than
3 three years.

4 (b) A company or organization that grades an assessment
5 instrument shall report the results to the district and to the
6 Central Education Agency by campus and district and in comparison
7 to state and national averages, unless the agency requests a report
8 of the results in another form.

9 (c) State and national norms of averages shall be computed
10 using data that are not more than two years old at the time the
11 assessment instrument is administered and that are representative
12 of the group of students to whom the assessment instrument is
13 administered. The standardization norms shall be based on a
14 national probability sample that meets accepted standards for
15 educational and psychological testing and shall be updated at least
16 every two years using proven psychometric procedures approved by
17 the State Board of Education.

18 (d) A company or organization that reports results using
19 national norms that are not calculated in compliance with
20 Subsection (c) is liable to the state in an amount equal to three
21 times the amount of actual damages. The actual damages are
22 presumed to be at least equal to the amount charged by the company
23 or organization to a school district for the assessment instrument,
24 including any charge for grading the assessment instrument. The
25 attorney general, a district attorney, or a county attorney may
26 bring suit to collect the damages on the request of the State Board
27 of Education or on the request of a student or a parent or guardian

1 of a student to whom the assessment instrument was administered.

2 (e) The State Board of Education shall adopt rules for the
3 implementation of this section and for the maintenance of the
4 security of the contents of all assessment instruments.

5 (f) In this section, "assessment instrument" means a
6 group-administered achievement test.

7 SUBCHAPTER C. PERFORMANCE INDICATORS

8 Sec. 35.041. ACADEMIC EXCELLENCE INDICATORS. (a) The State
9 Board of Education, on the advice of the Legislative Education
10 Board, shall adopt a set of indicators of the quality of learning
11 on a campus. The State Board of Education biennially shall review
12 the indicators for the consideration of appropriate revisions.

13 (b) Performance on the indicators adopted under this section
14 shall be compared to state-established standards. The degree of
15 change from one school year to the next in performance on each
16 indicator adopted under this section shall also be considered. The
17 indicators must be based on information that is disaggregated with
18 respect to race, ethnicity, gender, and socioeconomic status and
19 must include:

20 (1) the results of assessment instruments required
21 under Subchapter B aggregated by grade level and subject area;

22 (2) dropout rates;

23 (3) student attendance rates;

24 (4) high school end-of-course examinations adopted by
25 the State Board of Education;

26 (5) the percentage of graduating students who attain
27 scores on the secondary exit-level assessment instruments required

1 under Subchapter B that are equivalent to a passing score on the
2 test instrument required under Section 51.306;

3 (6) the percentage of graduating students who meet the
4 course requirements established by the State Board of Education for
5 career or college preparation program designations when available;

6 (7) the results of the Scholastic Assessment Test
7 (SAT) and the American College Test; and

8 (8) any other indicator the State Board of Education
9 adopts.

10 (c) Performance on the indicator under Subsection (b)(1)
11 shall be compared to state standards, required improvement, and
12 comparable improvement. The state standard shall be established by
13 the commissioner of education. Required improvement is defined as
14 the progress necessary for the campus or district to meet state
15 standards and for its students to meet exit requirements as defined
16 by the commissioner of education. Comparable improvement is
17 derived by measuring campuses and districts against a profile
18 developed from a total state student performance data base which
19 exhibits substantial equivalence to the characteristics of students
20 served by the campus or district, including but not limited to past
21 academic performance, socioeconomic status, ethnicity, and limited
22 English proficiency.

23 (d) The State Board of Education shall report the status of
24 education in the state as reflected by the indicators to the
25 legislature not later than February 1 of each odd-numbered year.

26 (e) Annually, the commissioner of education shall define
27 exemplary, recognized, and unacceptable performance for each

1 academic excellence indicator included under Subsections (b)(1)
2 through (6) and shall project the standards for each of those
3 levels of performance for succeeding years.

4 Sec. 35.042. PERFORMANCE REPORT. (a) Each board of
5 trustees shall publish an annual report describing the educational
6 performance of the district and of each campus in the district that
7 includes uniform student performance and descriptive information as
8 determined under rules adopted by the commissioner of education.
9 The annual report must also include campus performance objectives
10 established under Section 21.7532 and the progress of each campus
11 toward those objectives, which shall be available to the public.
12 The annual report must also include the performance rating for the
13 district as provided under Section 35.062(a) and the performance
14 rating of each campus in the district as provided under Section
15 35.062(c). Supplemental information to be included in the reports
16 shall be determined by the local board of trustees. Performance
17 information in the annual reports on the indicators established
18 under Section 35.041 and descriptive information required by this
19 section shall be provided by the Central Education Agency.

20 (b) The board of trustees shall hold a hearing for public
21 discussion of the report. The board of trustees shall notify
22 property owners and parents in the district of the hearing. After
23 the hearing the report shall be widely disseminated within the
24 district in a manner to be determined under rules adopted by the
25 commissioner of education.

26 (c) The report must also include a comparison provided by
27 the Central Education Agency of:

1 (1) the performance of each campus to its previous
2 performance and to state-established standards;

3 (2) the performance of each district to its previous
4 performance and to state-established standards; and

5 (3) the performance of each campus or district to
6 comparable improvement.

7 (d) The report may include the following information:

8 (1) student information, including total enrollment,
9 enrollment by ethnicity, economic status, and grade groupings and
10 retention rates;

11 (2) financial information, including revenues and
12 expenditures;

13 (3) staff information, including number and type of
14 staff by sex, ethnicity, years of experience, and highest degree
15 held, teacher and administrator salaries, and teacher turnover; and

16 (4) program information, including student enrollment
17 by program, teachers by program, and instructional operating
18 expenditures by program.

19 (e) The State Board of Education by rule shall authorize the
20 combination of this report with other reports and financial
21 statements and shall restrict the number and length of reports that
22 school districts, school district employees, and school campuses
23 are required to prepare.

24 (f) The report must include a statement of the amount, if
25 any, of the school district's unencumbered surplus fund balance as
26 of the last day of the preceding fiscal year and the percentage of
27 the preceding year's budget that the surplus represents.

1 Sec. 35.043. CAMPUS REPORT CARD. (a) Each school year, the
2 Central Education Agency shall prepare and distribute to each
3 school district a report card for each campus. The campus report
4 cards must be based on the most current data available
5 disaggregated by student groups. Campus performance must be
6 compared to previous campus and district performance, current
7 district performance, state established standards, and comparable
8 campus group performance.

9 (b) The report card shall include the following information
10 where applicable:

11 (1) student performance on state adopted assessment
12 instruments;
13 (2) attendance;
14 (3) dropout rate;
15 (4) student performance on college admissions tests;
16 (5) student/teacher ratios; and
17 (6) administrative and instructional costs per
18 student.

19 (c) The commissioner of education shall adopt rules for
20 requiring dissemination of campus report cards annually to the
21 parent of or person standing in parental relation to each student
22 at the campus. On written request, the school district shall
23 provide a copy of a campus report card to any other party.

24 Sec. 35.044. USES OF PERFORMANCE REPORT. The information
25 required to be reported under Section 35.042 shall be:

26 (1) the subject of public hearings or meetings
27 required under Sections 21.930, 21.931, and 35.042;

(2) a primary consideration in district and campus planning; and

(3) a primary consideration of:

(A) the State Board of Education in the evaluation of the performance of the commissioner of education;

(B) the commissioner of education in the evaluation of the performance of the directors of the regional education service centers;

(C) the board of trustees of a school district in the evaluation of the performance of the superintendent of the district; and

(D) the superintendent in the evaluation of the performance of the district's campus principals.

SUBCHAPTER D. ACCREDITATION STATUS

Sec. 35.061. ACCREDITATION REQUIRED. Each school district must be accredited by the Central Education Agency.

Sec. 35.062. ACCREDITATION STANDARDS. (a) The State Board of Education shall adopt rules for the accreditation of school districts. The rules shall include criteria to evaluate the performance of school districts and to assign to districts that are accredited and that have a performance in one of the categories described below an additional performance rating as follows:

(1) exemplary (meets or exceeds state exemplary standards);

(2) recognized (meets or exceeds required improvement and within 10 percent of state exemplary standards); or

(3) accredited warned (below the state clearly

1 unacceptable performance standard and does not meet required
2 improvement).

3 (b) The academic excellence indicators adopted under
4 Sections 35.041(b)(1) through (6) shall be the main consideration
5 of the Central Education Agency in the rating of the district under
6 this section. Additional criteria in the accreditation rules may
7 include consideration of:

8 (1) goals and objectives of the district;

9 (2) compliance with statutory requirements and
10 requirements imposed by rule of the State Board of Education under
11 statutory authority;

12 (3) the relation between the academic excellence
13 indicators adopted by the State Board of Education under Section
14 35.041 and the campus performance objectives established under
15 Section 21.7532, including the manner in which the campus
16 performance objectives were established and the progress of the
17 campus in meeting the objectives;

18 (4) the quality of learning on each of the district's
19 campuses based on indicators including scores on achievement tests;

20 (5) the quality of the district's appraisal of teacher
21 performance and of administrator performance;

22 (6) the effectiveness of the district's principals as
23 instructional leaders;

24 (7) the effectiveness of the district's campuses on
25 the basis of the most current criteria identified by research on
26 effective schools;

27 (8) the fulfillment of curriculum requirements;

(9) the effectiveness of the district's programs in special education based on the Central Education Agency's most recent compliance review of the district and programs for special populations;

(10) the effectiveness of district and campus staff development programs;

(11) the effective use of technology to enhance student achievement;

(12) the effectiveness of the district's remedial and support programs under Section 21.557 for students at risk of dropping out of school;

(13) the effectiveness of the district's dropout prevention and recovery programs;

(14) efficient allocation of available resources;

(15) the presence and quality of comprehensive and developmental guidance and counseling programs on campuses;

(16) the quality and effectiveness of the district's vocational education program; and

(17) the effectiveness of the board of trustees in governing the district.

(c) The Central Education Agency shall evaluate against state standards and shall report the performance of each campus in a district on the basis of the campus's performance on the indicators adopted under Sections 35.041(b)(1) through (6).

Sec. 35.063. DETERMINING ACCREDITATION STATUS. (a) The Central Education Agency shall annually review the performance of each district and campus on the indicators adopted under Sections

1 35.041(b)(1) through (6) and determine if a change in the
2 accreditation status of the district is warranted.

3 (b) Each annual review shall include an analysis of the
4 indicators under Sections 35.041(b)(1) through (6) to determine
5 district and campus performance in relation to:

6 (1) standards established for each indicator;

7 (2) required improvement as defined under Section
8 35.041(c); and

9 (3) comparable improvement as defined by Section
10 35.041(c).

11 (c) A district's accreditation rating may be raised or
12 lowered based on the district's performance or may be lowered based
13 on the unacceptable performance of one or more campuses in the
14 district.

15 (d) In compliance with Section 21.925, the State Board of
16 Education shall make optimum use of the agency's public education
17 information management system to minimize the written reporting
18 requirements of school districts.

19 (e) Beginning not later than the 1993-1994 school year, the
20 commissioner of education shall notify a district that is rated
21 accredited warned and the performance of the district or a campus
22 in the district is below each standard under Subsection (b) and
23 shall require the district to notify property owners and parents in
24 the district of the lowered accreditation rating and its
25 implication.

26 Sec. 35.064. ON-SITE INVESTIGATIONS. (a) The commissioner
27 of education may direct the Central Education Agency to conduct

1 on-site investigations at any time and may raise or lower the
2 accreditation rating as a result of the investigation.

3 (b) The commissioner of education shall determine the
4 frequency of on-site investigations by the Central Education Agency
5 according to annual comprehensive analyses of student performance
6 and equity in relation to the academic excellence indicators
7 adopted under Section 35.041.

8 (c) In making an on-site accreditation investigation, the
9 investigators shall obtain information from administrators,
10 teachers, and parents of students enrolled in the district. The
11 investigation may not be closed until information is obtained from
12 each of those sources. The State Board of Education shall adopt
13 rules for:

14 (1) obtaining information from parents and using that
15 information in the investigator's report; and

16 (2) obtaining information from teachers in a manner
17 that prevents a campus or district from screening the information.

18 (d) The Central Education Agency shall give written notice
19 to the superintendent and the board of trustees of any impending
20 investigation of the district's accreditation.

21 (e) If an annual review indicates low performance on one or
22 more of the indicators under Sections 35.041(b)(1) through (6) of
23 one or more campuses in a district, the Central Education Agency
24 may conduct an on-site evaluation of those campuses only.

25 (f) The investigators shall report orally and in writing to
26 the board of trustees of the district and, as appropriate, to
27 campus administrators and shall make recommendations concerning any

1 necessary improvements or sources of aid such as regional education
2 service centers.

3 Sec. 35.065. SPECIAL ACCREDITATION INVESTIGATIONS. (a) The
4 commissioner of education shall authorize special accreditation
5 investigations to be conducted under the following circumstances:

6 (1) when excessive numbers of absences of students
7 eligible to be tested on state assessment instruments are
8 determined;

9 (2) when excessive numbers of allowable exemptions
10 from the required state assessment are determined;

11 (3) in response to complaints submitted to the Central
12 Education Agency with respect to any of the following:

13 (A) alleged violations of civil rights or other
14 requirements imposed on the state by federal law or court order; or

15 (B) alleged violations of the accreditation
16 criteria related to effective governance operations; or

17 (4) in response to established compliance reviews of
18 the district's financial accounting practices and state and federal
19 program requirements.

20 (b) Based on the results of a special accreditation
21 investigation, the commissioner of education may lower the
22 district's accreditation rating and may take appropriate action
23 under Subchapter G.

24 Sec. 35.066. AGENCY ASSISTANCE. The Central Education
25 Agency shall provide assistance to districts which have been found
26 to have difficulty meeting accreditation standards.

SUBCHAPTER E. SUCCESSFUL SCHOOLS AWARDS

Sec. 35.081. CREATION OF SYSTEM. The Texas Successful Schools Awards System is created to recognize and reward those schools and school districts that demonstrate progress or success in achieving the education goals of the state.

Sec. 35.082. TYPES OF AWARDS. (a) The governor may present a financial award to the schools or districts that the commissioner of education determines have demonstrated the highest levels of sustained success or the greatest improvement in achieving the education goals. For each student in average daily attendance, each of those schools or districts is entitled to an amount set for the award for which the school or district is selected by the commissioner of education, subject to any limitation set by the commissioner on the total amount that may be awarded to a school or district.

(b) The governor may present proclamations or certificates to additional schools and districts determined to have met or exceeded the education goals.

(c) The commissioner of education may establish additional categories of awards and award amounts for a school or district determined to be successful under Subsection (a) or (b) that are contingent on the school's or district's involvement with paired, lower-performing schools.

Sec. 35.083. AWARDS. (a) The criteria which the commissioner of education shall use to select successful schools and districts shall be related to the goals in Section 35.001 and shall include consideration of performance on the academic

1 excellence indicators adopted under Section 35.041. For purposes
 2 of selecting schools and districts under Section 35.082(a), each
 3 school's performance shall be compared to state standards and to
 4 its previous performance.

5 (b) The commissioner of education shall select annually
 6 schools and districts qualified to receive successful school awards
 7 for their performance and report the selections to the governor and
 8 the State Board of Education.

9 (c) The Central Education Agency shall notify each school
 10 district of the manner in which the district or a school in the
 11 district may qualify for a successful school award.

12 Sec. 35.084. USE OF AWARDS. (a) In determining the use of
 13 a monetary award received under this subchapter, a school or
 14 district shall give priority to academic enhancement purposes. The
 15 award may not be used for any purpose related to athletics, and it
 16 may not be used to substitute for or replace funds already in the
 17 regular budget for a school or district.

18 (b) The school committee established under Section 21.931
 19 shall determine the use of the funds awarded to a school under this
 20 subchapter. The professional staff, as that term is used in
 21 Section 21.930, shall determine the use of the funds awarded to the
 22 school district under this subchapter.

23 Sec. 35.085. FUNDING. The award system may be funded by
 24 donations, grants, or legislative appropriations. The commissioner
 25 of education may solicit and receive grants and donations for the
 26 purpose of making awards under this subchapter. A small portion of
 27 the award funds may be used by the commissioner of education to pay

1 for the costs associated with sponsoring a ceremony to recognize or
2 present awards to schools or districts under this subchapter. The
3 donations, grants, or legislative appropriations shall be accounted
4 for and distributed by the Central Education Agency. The awards
5 are subject to audit requirements established by the State Board of
6 Education.

7 Sec. 35.086. CONFIDENTIALITY. All information and reports
8 received by the commissioner of education under this subchapter
9 from schools or school districts deemed confidential under the open
10 records law, Chapter 424, Acts of the 63rd Legislature, Regular
11 Session, 1973 (Article 6252-17a, Vernon's Texas Civil Statutes),
12 are confidential and may not be disclosed in any public or private
13 proceeding.

14 SUBCHAPTER F. ADDITIONAL REWARDS

15 Sec. 35.101. RECOGNITION AND REWARDS. The State Board of
16 Education shall develop a plan for recognizing and rewarding school
17 districts and campuses that are rated as exemplary or recognized
18 and for developing a network for sharing proven successful
19 practices statewide and regionally.

20 Sec. 35.102. EXCELLENCE EXEMPTIONS. (a) Except as provided
21 by Subsection (b), a school campus or district that is rated
22 exemplary is exempt from requirements and prohibitions imposed
23 under this code including rules adopted under this code.

24 (b) A school campus or district is not exempt under this
25 section from a prohibition on conduct that constitutes a criminal
26 offense. A school campus or district is not exempt under this
27 section from requirements imposed by federal law or rule including

1 requirements for special education or bilingual education programs.
2 Except as provided by Subsection (d), a school campus or district
3 is not exempt under this section from a requirement or prohibition
4 imposed by state law or rule relating to:

5 (1) curriculum essential elements, excluding the
6 methodology used by a teacher and the time spent by a teacher or a
7 student on a particular task or subject;

8 (2) restrictions on extracurricular activities;

9 (3) health and safety;

10 (4) competitive bidding;

11 (5) textbook selection;

12 (6) elementary school class size limits;

13 (7) removal of a disruptive student from the
14 classroom;

15 (8) suspension or expulsion of a student;

16 (9) at-risk programs;

17 (10) prekindergarten programs;

18 (11) minimum graduation requirements; or

19 (12) educational employee and educational support
20 employee rights and benefits. In this section, "educational
21 support employee" means a full-time or part-time school employee
22 not defined as a "teacher" by Section 21.201(1).

23 (c) The Central Education Agency shall monitor and evaluate
24 deregulation of a school campus or district under this section and
25 Section 11.273 and report annually on the effect of deregulation on
26 student achievement to the State Board of Education, the
27 Legislative Education Board, the governor, the lieutenant governor,

1 the speaker of the house of representatives, and the legislature.
 2 The report must include a list of the exemptions utilized and a
 3 review of the effectiveness of the waivers and exemptions programs.

4 (d) The commissioner of education may exempt an exemplary
 5 school campus from elementary class size limits under this section
 6 if the school campus submits to the commissioner a written plan
 7 showing steps that will be taken to ensure that the exemption from
 8 the class size limits will not be harmful to the academic
 9 achievement of the students on the school campus. The commissioner
 10 shall review achievement levels annually. The exemption remains in
 11 effect until the commissioner determines that achievement levels of
 12 the campus have declined.

13 SUBCHAPTER G. ACCREDITATION SANCTIONS

14 Sec. 35.121. SANCTIONS. (a) If a district does not satisfy
 15 the accreditation criteria, the commissioner of education shall
 16 take any of the following actions, listed in order of severity, to
 17 the extent the commissioner determines necessary:

18 (1) issue public notice of the deficiency to the board
 19 of trustees;

20 (2) order a hearing conducted by the board of trustees
 21 of the district for the purpose of notifying the public of the
 22 unacceptable performance, the improvements in performance expected
 23 by the Central Education Agency, and the sanctions that may be
 24 imposed under this section if the performance does not improve;

25 (3) order the preparation of a student achievement
 26 improvement plan that addresses each academic excellence indicator
 27 for which the district's performance is unacceptable, the

1 submission of the plan to the commissioner of education for
2 approval, and implementation of the plan;

3 (4) order a hearing to be held before the commissioner
4 of education or the commissioner's designee at which the president
5 of the board of trustees of the district and the superintendent
6 shall appear and explain the district's low performance, lack of
7 improvement, and plans for improvement;

8 (5) arrange an on-site investigation of the district;

9 (6) appoint an agency monitor to participate in and
10 report to the agency on the activities of the board of trustees or
11 the superintendent;

12 (7) appoint a master to oversee the operations of the
13 district;

14 (8) appoint a management team to direct the operations
15 of the district in areas of unacceptable performance;

16 (9) if a district has been rated as accredited warned
17 for a period of one year or more, appoint a board of managers
18 composed of residents of the district to exercise the powers and
19 duties of the board of trustees; or

20 (10) if a district has been rated as accredited warned
21 for a period of two years or more, annex the district to one or
22 more adjoining districts under Section 19.027.

23 (b) If a campus performance is below any standard under
24 Section 35.063(b), the campus is considered a low-performing campus
25 and the commissioner of education may take any of the following
26 actions, listed in order of severity, to the extent the
27 commissioner determines necessary:

1 (1) issue public notice of the deficiency to the board
2 of trustees;

3 (2) order a hearing conducted by the board of trustees
4 at the campus for the purpose of notifying the public of the
5 unacceptable performance, the improvements in performance expected
6 by the Central Education Agency, and the sanctions that may be
7 imposed under this section if the performance does not improve
8 within a designated period of time and of soliciting public comment
9 on the initial steps being taken to improve performance;

10 (3) order the preparation of a student achievement
11 improvement plan that addresses each academic excellence indicator
12 for which the campus's performance is unacceptable, the submission
13 of the plan to the commissioner of education for approval, and
14 implementation of the plan;

15 (4) order a hearing to be held before the commissioner
16 of education or the commissioner's designee at which the president
17 of the board of trustees, the superintendent, and the campus
18 principal shall appear and explain the campus's low performance,
19 lack of improvement, and plans for improvement;

20 (5) appoint a special campus intervention team to:

21 (A) conduct a comprehensive on-site evaluation
22 of each low-performing campus to determine the cause for the
23 campus's low performance and lack of progress;

24 (B) recommend actions, including reallocation of
25 resources and technical assistance, changes in school procedures or
26 operations, staff development for instructional and administrative
27 staff, intervention for individual administrators or teachers,

1 waivers from state statute or rule, or other actions the team
2 considers appropriate;

3 (C) assist in the development of a campus plan
4 for student achievement; and

5 (D) assist the commissioner of education in
6 monitoring the progress of the campus in implementing the campus
7 plan for improvement of student achievement;

8 (6) if a campus has been a low-performing campus for a
9 period of one year or more, appoint a board of managers composed of
10 residents of the district to exercise the powers and duties of the
11 board of trustees of the district in relation to the campus; or

12 (7) if a campus has been a low-performing campus for a
13 period of two years or more, order closure of the school program on
14 the campus.

15 (c) The commissioner of education shall review annually the
16 performance of a district or campus subject to this section to
17 determine the appropriate actions to be implemented under this
18 section. The commissioner must review at least annually the
19 performance of a district for which the accreditation rating has
20 been lowered due to unacceptable student performance and may not
21 raise the rating until the district has demonstrated improved
22 student performance. If the review reveals a lack of improvement,
23 the commissioner shall increase the level of state intervention and
24 sanction unless the commissioner finds good cause for maintaining
25 the current status. At the beginning of the 1993-1994 school year,
26 the Central Education Agency shall rate any district with clearly
27 unacceptable performance as accredited warned and the commissioner

1 of education shall begin appropriate intervention in the district.
2 The commissioner of education shall report annually to the
3 governor, lieutenant governor, and the speaker of the house of
4 representatives on districts or campuses subject to this section
5 the actions taken by the commissioner to improve student
6 performance and the results of those actions.

7 (d) The costs of providing a monitor, master, management
8 team, or special campus intervention team shall be paid by the
9 district.

10 (e) A master or management team appointed to oversee the
11 operations of the district shall prepare a plan for the
12 implementation of action under Subsection (a)(9) or (10) and may:

13 (1) direct an action to be taken by the principal of a
14 campus, the superintendent of the district, or the board of
15 trustees of the district; or

16 (2) approve or disapprove any action of the principal
17 of a campus, the superintendent of the district, or the board of
18 trustees of the district.

19 (f) A special campus intervention team appointed under this
20 section may consist of teachers, principals, other educational
21 professionals, and superintendents recognized for excellence in
22 their roles and appointed by the commissioner of education to serve
23 as members of a team.

24 (g) If the commissioner of education appoints a board of
25 managers to govern a district, the powers of the board of trustees
26 of the district are suspended for the period of the appointment and
27 the commissioner shall appoint a district superintendent.

Notwithstanding any other provision of this code, the board of managers may amend the budget of the district.

(h) If the commissioner of education appoints a board of managers to govern a campus, the powers of the board of trustees of the district in relation to the campus are suspended for the period of the appointment and the commissioner shall appoint a campus principal. Notwithstanding any other provision of this code, the board of managers may submit to the commissioner for approval amendments to the budget of the district for the benefit of the campus. If the commissioner approves the amendments, the board of trustees of the district shall adopt the amendments.

SECTION 7.02. Section 11.273, Education Code, is amended by amending Subsection (e) and adding Subsection (h) to read as follows:

(e) A school campus or district may not receive an exemption or waiver under this section from requirements imposed by federal law or rule, including requirements for special education or bilingual education programs. Except as provided by Subsection (h), a [A] school campus or district may not receive an exemption or waiver under this section from a requirement or prohibition imposed by state law or rule relating to:

(1) curriculum essential elements, excluding the methodology used by a teacher and the time spent by a teacher or a student on a particular task or subject;

(2) restrictions on extracurricular activities;

(3) health and safety;

(4) competitive bidding;

(5) elementary school class size limits, except as provided by Section 16.054;

(6) minimum graduation requirements;

(7) removal of a disruptive student from the classroom;

(8) suspension or expulsion of a student;

(9) at risk programs;

(10) prekindergarten programs;

(11) educational employee and educational support employee rights and benefits. In this section, "educational support employee" means a full-time or part-time school employee not defined as a "teacher" by Section 21.201(1) of this code; or

(12) special education or bilingual education programs.

(h) The commissioner of education may grant to a school district or campus that is required to develop and implement a student achievement improvement plan under Section 35.121 an exemption or waiver from any law or rule other than a prohibition on conduct that constitutes a criminal offense or a requirement imposed by federal law or rule. A school campus or district may not receive an exemption or waiver under this section from a requirement or prohibition imposed by state law or rule relating to educational employee and educational support employee rights and benefits. In this section, "educational support employee" means a full-time or part-time school employee not defined as a "teacher" by Section 21.201(1).

SECTION 7.03. Section 11.62, Education Code, is amended to

read as follows:

Sec. 11.62. ORGANIZATION AND REGULATIONS. (a) The State Department of Education shall be organized into divisions and subdivisions established by the commissioner of education [~~subject to the approval of the State Board of Education~~].

(b) Directors of the major divisions of the State Department of Education, and all of its other employees, shall be appointed by the commissioner of education [~~pursuant to general rules and regulations adopted by the State Board of Education~~].

(c) The rules and regulations pertaining to personnel administration shall include a comprehensive classification plan, including an appropriate title for each position, a description of duties and responsibilities, and the minimum requirements of training, experience, and other qualifications essential for adequate performance of the work. These rules and regulations shall likewise provide [~~tenure safeguards~~] leave and retirement provisions[7] and establish hearing procedures.

SECTION 7.04. Section 13.351, Education Code, is amended by adding Subsection (c) to read as follows:

(c) The duties of the superintendent include:

(1) assuming administrative responsibility and leadership for the planning, operation, supervision, and evaluation of the education programs, services, and facilities of the district and for the annual performance appraisal of the district's staff;

(2) assuming administrative authority and responsibility for the assignment and evaluation of all personnel of the district other than the superintendent and making

1 recommendations regarding the selection, promotion, and dismissal
 2 of such personnel, except as provided by Section 13.352 of this
 3 code;

4 (3) managing the day-to-day operations of the district
 5 as its chief executive officer;

6 (4) as directed by local board policy, causing to be
 7 prepared a budget covering all estimated revenue and proposed
 8 expenditures of the district for the next succeeding fiscal year,
 9 according to generally accepted accounting principles, rules
 10 adopted by the State Board of Education, and adopted policies of
 11 the board of trustees;

12 (5) preparing recommendations for policies to be
 13 adopted by the board of trustees and overseeing the implementation
 14 of adopted policies;

15 (6) developing or causing to be developed appropriate
 16 administrative regulations to implement policies established by the
 17 board of trustees;

18 (7) providing leadership for the attainment of student
 19 performance in the district based on the indicators adopted under
 20 Section 35.041 and other indicators as may be adopted by the State
 21 Board of Education or the district's board of trustees; and

22 (8) performing any other duties assigned by action of
 23 the board of trustees.

24 SECTION 7.05. Subsections (a), (b), and (d), Section 19.027,
 25 Education Code, are amended to read as follows:

26 (a) The commissioner of education by order may annex to one
 27 or more adjoining districts a school district that has been rated

1 as accredited warned [~~academically-unaccredited~~] for a period of
2 two years.

3 (b) The governing board of a district to which territory of
4 an accredited warned [~~academically--unaccredited~~] district is
5 annexed is the governing board for the new district.

6 (d) Title to the real property of the accredited warned
7 [~~academically-unaccredited~~] district vests in the district to which
8 the property is annexed. Each district to which territory is
9 annexed assumes and is liable for any portion of the accredited
10 warned [~~academically-unaccredited~~] district's indebtedness that is
11 allocated to the receiving district under Section 19.004 of this
12 code.

13 SECTION 7.06. Subsection (f), Section 21.557, Education
14 Code, is amended to read as follows:

15 (f) For the purposes of this section, "student at risk of
16 dropping out of school" includes:

17 (1) each student in grade levels seven through 12 who
18 is under 21 years of age and who:

19 (A) was not advanced from one grade level to the
20 next two or more school years;

21 (B) has mathematics or reading skills that are
22 two or more years below grade level;

23 (C) did not maintain an average equivalent to 70
24 on a scale of 100 in two or more courses during a semester, or is
25 not maintaining such an average in two or more courses in the
26 current semester, and is not expected to graduate within four years
27 of the date the student begins ninth grade; or

(D) did not perform satisfactorily on an assessment instrument administered under Subchapter B, Chapter 35 [~~this-subchapter-in-the-seventh,-ninth,-or-twelfth-grade~~];

(2) each student in prekindergarten through grade level six who:

(A) did not perform satisfactorily on a readiness test or assessment instrument administered at the beginning of the school year;

(B) did not perform satisfactorily on an assessment instrument administered under Subchapter B, Chapter 35 [~~this-subchapter-in-the-third-or-fifth-grade~~];

(C) is a student of limited English proficiency, as defined by Section 21.452 of this code;

(D) is sexually, physically, or psychologically abused;

(E) engages in conduct described by Section 51.03(a), Family Code; or

(F) is otherwise identified as at risk under rules adopted by the State Board of Education; and

(3) each nonhandicapped student who resides in a residential placement facility in a district in which the student's parent or legal guardian does not reside, including a detention facility, substance abuse treatment facility, emergency shelter, psychiatric hospital, halfway house, or foster family group home.

SECTION 7.07. Section 21.930, Education Code, is amended by adding Subsection (h) to read as follows:

(h) The professional staff elected under this section shall

1 hold at least one public meeting per year. The required meeting
2 shall be held after receipt of the annual district performance
3 report from the Central Education Agency for the purpose of
4 discussing the performance of the district and the district
5 performance objectives.

6 SECTION 7.08. Section 21.931, Education Code, is amended by
7 adding Subsection (g) to read as follows:

8 (g) Each school committee shall hold at least one public
9 meeting per year. The required meeting shall be held after
10 receipt of the annual campus rating from the Central Education
11 Agency for the purpose of discussing the performance of the campus
12 and the campus performance objectives.

13 SECTION 7.09. Subsection (a), Section 23.33, Education Code,
14 is amended to read as follows:

15 (a) The State Board of Education shall adopt statewide
16 standards for the duties of a school board member as criteria for
17 board member training [~~appoint--an--advisory--committee--to--develop~~
18 ~~statewide--standards--on--the--duties--of--a--school--board--member.---The~~
19 ~~committee--shall--consist--of--at--least--15--persons--knowledgeable--in--the~~
20 ~~management--of--the--public--schools--of--the--state,--and--no--less--than~~
21 ~~five--members--of--the--committee--shall--consist--of---individuals~~
22 ~~currently--serving--as--locally--elected--school--board--members~~].

23 SECTION 7.10. The Educational Economic Policy Center,
24 established under Section 34.051, Education Code, shall monitor and
25 evaluate the implementation of the accountability system set forth
26 in this Act and provide annual progress reports to the governor,
27 the Legislative Education Board, and the commissioner of education.

1 SECTION 7.11. (a) The Select Committee to Conduct a
2 Comprehensive Review of the Central Education Agency and efficient
3 use of educational resources in the state is established.

4 (b) The committee is composed of:

5 (1) the chairs of the Senate Education Committee and
6 the House Public Education Committee;

7 (2) two members of the senate, appointed by the
8 lieutenant governor;

9 (3) two members of the house of representatives,
10 appointed by the speaker of the house of representatives;

11 (4) one teacher, one principal, and one school
12 district superintendent, appointed jointly by the lieutenant
13 governor and the speaker of the house of representatives; and

14 (5) four representatives of businesses and
15 communities, at least two of whom have one or more children
16 attending the public schools, appointed jointly by the lieutenant
17 governor and the speaker of the house of representatives.

18 (c) The chairs of the Senate Education Committee and the
19 House Public Education Committee serve as co-chairs of the
20 committee.

21 (d) The committee shall conduct an in-depth and
22 comprehensive review of the mission, organization, size, and
23 effectiveness of the Central Education Agency. In conducting its
24 review, the committee shall study the mission, organizational
25 structure, and practices of similar agencies in other states. The
26 review must include:

27 (1) a study of the agency's success in addressing

1 national education goals adopted by the president of the United
2 States and the nation's 50 governors and the goals for public
3 education provided by Section 35.001, Education Code, as added by
4 this Act;

5 (2) a study of the agency's organizational mission,
6 structure, size, and effectiveness;

7 (3) a study of the number and effectiveness of
8 committees created under the auspices of the agency or the State
9 Board of Education;

10 (4) identification of those functions that should be
11 performed by the state and those that should be performed
12 regionally through regional service centers;

13 (5) a study of the adequacy, validity, and timeliness
14 of data collected and published by the Public Education Information
15 Management System (PEIMS) as provided by Section 16.007, Education
16 Code;

17 (6) a study of the adequacy and effectiveness of
18 programs designed for special populations of students and for
19 teacher and administrator staff development;

20 (7) a study of the adequacy and effectiveness of
21 assistance provided the site-based management teams established
22 under Section 21.931, Education Code; and

23 (8) a study of the efficient use of state resources,
24 school district structure, and opportunities for shared cost in
25 order to determine the best management and use of state resources
26 and to assist school districts in determining optimum educational
27 opportunities.

1 (e) The commissioner of education shall ensure that the
2 committee has access to any documentation and agency personnel the
3 committee requests.

4 (f) Meetings of the committee shall be held at the call of
5 the co-chairs.

6 (g) A majority of the members of the committee constitutes a
7 quorum.

8 (h) Not later than December 1, 1994, the committee shall
9 issue a report stating the findings of its review under Subsection
10 (d) of this section, including any recommendations for statutory
11 changes. The report must be approved by a majority of the
12 membership of the committee. Any dissenting member may attach a
13 statement to the report.

14 (i) Staff members of the Senate Education Committee and the
15 House Public Education Committee shall serve as the staff of the
16 committee.

17 (j) The Legislative Budget Board, comptroller, state
18 auditor, and other state agencies, officials, and personnel shall
19 cooperate with the committee in carrying out its duties under this
20 section.

21 (k) Each member of the committee is entitled to
22 reimbursement for actual and necessary expenses incurred in
23 performing committee duties. Each legislative member is entitled
24 to reimbursement from the appropriate fund of the member's
25 respective house. Each public member is entitled to reimbursement
26 from funds appropriated to the committee.

27 (l) The committee may coordinate its study with any other

1 legislative study.

2 (m) The committee expires January 10, 1995.

3 SECTION 7.12. The following provisions of the Education Code
4 are repealed:

5 (1) Sections 2.01, 11.272, 21.258, 21.551 through
6 21.556, 21.558 through 21.561, 21.751 through 21.7531, and 21.754
7 through 21.758; and

8 (2) Subchapter A, Chapter 34.

9 SECTION 7.13. Section 21.9211, Education Code, is amended by
10 amending Subsection (e) and adding Subsections (g) and (h) to read
11 as follows:

12 (e) The advisory council shall review the rules of the
13 University Interscholastic League and shall make recommendations
14 relating to the rules to the governor, the legislature, the
15 Legislative Council of the University Interscholastic League, and
16 [to] the State Board of Education. The advisory council shall
17 submit its initial report not later than January 1, 1995 [~~September~~
18 ~~17-1990~~].

19 (g) The advisory council shall study:

20 (1) University Interscholastic League policy with
21 respect to the eligibility of students to participate in programs;

22 (2) geographic distribution of University
23 Interscholastic League resources and programs; and

24 (3) gender equity.

25 (h) No actions of the University Interscholastic League
26 relating to the provision of additional programs of school
27 districts shall be taken pending submission of a final report by

1 the advisory council.

2 SECTION 7.14. This article takes effect immediately and
3 applies beginning with the 1993-1994 school year.

4 ARTICLE 8

5 SECTION 8.01. Subchapter Z, Chapter 21, Education Code, is
6 amended by adding Section 21.938 to read as follows:

7 Sec. 21.938. DISTRICT AND CAMPUS PLANNING PROCESS. (a) The
8 board of trustees of each school district shall develop a district
9 and campus planning process, utilizing the procedures established
10 in Sections 35.041, 21.930, and 21.931, under which the board shall
11 adopt a report detailing a plan for the district and plans for each
12 campus.

13 (b) Each district's report shall include a current analysis
14 of student performance based on the academic excellence indicators
15 adopted under Section 35.041, campus performance objectives
16 established under Section 21.7532, and other measures of student
17 performance the board determines and shall include provisions for:

18 (1) addressing the needs of district students for
19 special programs, such as suicide prevention or dyslexia treatment
20 programs;

21 (2) requiring the principal of each campus, with the
22 assistance of parents and guardians of the school's students, other
23 adults in the attendance area, and the professional staff of the
24 school, to establish a campus plan consistent with Sections 21.7532
25 and 21.931;

26 (3) dropout reduction;

27 (4) integration of technology in instructional and

1 administrative programs;

2 (5) discipline management;

3 (6) staff development for professional staff of the
4 district;

5 (7) career education to assist students in developing
6 the knowledge, skills, and competencies necessary for a broad range
7 of career opportunities;

8 (8) compensatory and remedial education as required by
9 Section 21.557; and

10 (9) other information the board considers useful.

11 (c) In the district and campus plan or in another manner
12 permitted by federal law, the board shall address any federal
13 planning requirements.

14 (d) A district report is not filed with the Central
15 Education Agency, but the district must make the report available
16 to the agency on request.

17 SECTION 8.02. Section 12.65(f), Education Code, is amended
18 to read as follows:

19 (f) Covers of all books shall be removed before reissue, and
20 the pupils to whom the books are issued shall replace the covers
21 [under-direction-of-the-teacher].

22 SECTION 8.03. Section 12.67(a), Education Code, is amended
23 to read as follows:

24 (a) If a school district employee enters into a business
25 relationship, employment contract, or other transaction with a
26 textbook publisher doing business, or with the potential of doing
27 business, with the state or a school district in the state and the

transaction directly or indirectly results in remuneration to the employee, the transaction must be registered with the superintendent of the school district ~~[and-with-the-commissioner-of education]~~.

SECTION 8.04. Section 21.601, Education Code, is amended to read as follows:

Sec. 21.601. ESTABLISHMENT. ~~[a]~~ Each school district may establish a school-community guidance center designed to locate and assist children with problems which interfere with their education, including but not limited to juvenile offenders and children with severe behavioral problems or character disorders. The centers shall coordinate the efforts of school district personnel, local police departments, truant officers, and probation officers in working with students, dropouts, and parents in identifying and correcting factors which adversely affect the education of the children.

~~[(b)--With--the--approval--of--the-commissioner-of-education, school-districts-with-an-average--daily--attendance--of--less--than 6,000--students--may-cooperate-with-other-districts-for-the-purpose of-establishing-a-common-center.]~~

SECTION 8.05. Section 21.701, Education Code, is amended to read as follows:

Sec. 21.701. ADOPTION AND APPROVAL OF PROGRAMS. Each school district shall adopt and implement a discipline management program to be included in the district plan under Section 21.938. ~~[Before implementation,--the--proposed--program--must--be--submitted-to-the Central-Education-Agency,--which--shall--review--and--approve--or--reject~~

1 ~~the-program.]~~

2 SECTION 8.06. Section 21.702, Education Code, is amended to
3 read as follows:

4 Sec. 21.702. CONTENT OF APPROVED PROGRAMS. A [~~Te---be~~
5 ~~approved,-a]~~ discipline management program must:

6 (1) encourage the commitment, cooperation, and
7 involvement of school district administrators, teachers, parents,
8 and students in the development of the program;

9 (2) encourage the use of the regional education
10 service center to assist in developing the program and providing
11 training to teachers and administrators;

12 (3) require the designation of a person in each school
13 with special training in discipline management to implement and
14 assess the program in that school and to identify and refer
15 appropriate students to school-community guidance programs;

16 (4) require the development of a student code of
17 conduct that clearly describes the district's expectations with
18 respect to student conduct, including provisions similar to the
19 Attorney General's Proposed Voluntary Student Code of Conduct of
20 1980, and specifies the consequences of violating the code;

21 (5) specifically outline the responsibilities of
22 teachers, administrators, parents, and students in the discipline
23 management program; and

24 (6) make parental involvement an integral part of the
25 discipline management program, requiring:

26 (A) one or more conferences during each school
27 year between a teacher and the parents of a student if the student

is not maintaining passing grades or achieving the expected level of performance or presents some other problem to the teacher or in any other case the teacher considers necessary;

(B) parent training workshops for home reinforcement of study skills and specific curriculum objectives conducted for parents who want to participate and based on interest indicated by parents in the community; and

(C) a written statement signed by each parent that the parent understands and consents to the responsibilities outlined in the discipline management program.

SECTION 8.07. Section 21.926, Education Code, is amended to read as follows:

Sec. 21.926. INFORMATION TO BE POSTED. (a) For the benefit of parents of school age children, each school in a district shall post in a conspicuous location in the main administration building accessible to the general public:

~~[(1)--a map of the school's attendance area; and~~

~~[(2)--a notice that includes:~~

~~[(A)--the aggregate results by grade level for the state and for each campus in the district of assessment instruments administered under Section 21.551 of this code for each of the preceding three school years and, for each high school, the aggregate results by grade level of the most recent administration of any norm-referenced assessment instrument, including the Scholastic Aptitude Test and American College Testing Program assessment instruments;~~

~~[(B)--the total enrollment at each campus in the~~

district-for-each-of-the-four-most-recent-school-years;

[(E)--the-ratio-of-classroom-teachers-to-students
at-each-campus-in-the-district;

[(D)--a--statement--that-copies-of-the-notice-and
of-a-map-of-the-school's--attendance--area--are--available--in--the
school's-main-office;-and

[(E)] a statement that the district's annual
performance report is available in the school library.

(b) [The--assessment---instrument---results---posted---under
Subsection--(a)(2)(A)-of-this-section-must-be-presented-in-the-form
of---appropriate,---nontechnical---interpretations---in---terms
understandable-to-the-general-public;

[(c)--The-board-of-trustees-of-the-district-may-prescribe-the
format-of-the-notice-required-by-Subsection-(a)(2)-of-this-section-

[(d)] Each school shall have available in its main office
copies of:

(1) the notice [and-map] required to be posted under
Subsection (a) of this section; and

(2) a map of the school's attendance area.

(c) [(e)] Each school shall have available in its library a
copy of:

(1) the annual performance report for the district
required by Section 21.258 of this code; and

(2) the district and campus plan required by Section
21.938.

[(f)--Each---district---shall---have---available---in---its
administration--building--the--information-required-to-be-posted-by

~~Subsection (a) of this section for each school in the district.]~~

SECTION 8.08. The following sections of the Education Code are repealed: 11.2051, 12.67(c), 14.065, 21.034, 21.1111(d), 21.253, 21.301(o), 21.557(d), 21.654, and 21.909(d).

SECTION 8.09. Section 13.037(c), Education Code, is amended to read as follows:

(c) The Central Education Agency shall collect and maintain ~~[teacher performance data from each district's implementation of the statewide appraisal system and shall collect and maintain]~~ data from state-mandated tests required for entry to and exit from teacher education programs. The Central Education Agency shall provide probationary teacher performance data on a regular basis to the respective institutions of higher education and to the Texas Higher Education Coordinating Board ~~[Texas College and University System]~~.

SECTION 8.10. Section 13.103, Education Code, is amended to read as follows:

Sec. 13.103. PROBATIONARY CONTRACT: TERMINATION. The board of trustees of any school district may terminate the employment of any teacher holding a probationary contract at the end of the contract period, if in their judgment the best interests of the school district will be served thereby; provided, that notice of intention to terminate the employment shall be given by the board of trustees to the teacher not later than the 60th day before the last day of instruction required ~~[on or before April 17 preceding the end of the employment term fixed]~~ in the contract. In event of failure to give such notice of intention to terminate within the

time above specified, the board of trustees shall thereby elect to employ such probationary teacher in the same capacity, and under probationary contract status for the succeeding school year if the teacher has been employed by such district for less than three successive school years, or in a continuing contract position if such teacher has been employed during three consecutive school years.

SECTION 8.11. The heading to Subchapter E, Chapter 13, Education Code, is amended to read as follows:

SUBCHAPTER E. TEACHER APPRAISAL [~~CAREER-LADDER~~]

SECTION 8.12. Sections 13.302(a), (c), and (f), Education Code, are amended to read as follows:

(a) The State Board of Education shall adopt an appraisal process and criteria on which to appraise the performance of teachers [~~for--career--ladder--level--assignment--purposes~~]. The criteria must be based on observable, job-related behavior, including teachers' implementation of discipline management procedures.

(c) An [~~In-developing-the-appraisal-process,-the-board-shall~~
~~provide-for-using-not-fewer-than-two-appraisers-for-each-appraisal-~~
~~One~~] appraiser must be the teacher's supervisor or [~~and--one--must~~
~~be~~] a person [~~as~~] approved by the board of trustees. An appraiser who is a classroom teacher may not appraise the performance of another classroom teacher who teaches at the same school campus at which the appraiser teaches, unless it is impractical because of the number of campuses or unless the appraiser is the chairman of a department or grade level whose job description includes classroom

1 observation responsibilities. [~~In a district that uses not more~~
 2 ~~than two appraisers per appraisal, the board shall provide for an~~
 3 ~~appraisal by a third appraiser from another campus if the~~
 4 ~~difference between the appraisals is such that the teacher's~~
 5 ~~performance cannot be accurately evaluated.] The board also shall
 6 provide for a uniform training program and uniform certification
 7 standards for appraisers to be used throughout the state. The
 8 board shall include teacher self-appraisal in the process.~~

9 (f) Appraisal for teachers must be detailed by category of
 10 professional skill and characteristic and must provide for separate
 11 ratings per category. The appraisal process shall guarantee a
 12 conference between the teacher and the appraiser. The [~~appraisers,~~
 13 ~~and the~~] conference shall be diagnostic and prescriptive with
 14 regard to remediation [as] needed in overall [summary of]
 15 performance and by category [~~and identify the required performance~~
 16 ~~for advancement to the next level~~].

17 SECTION 8.13. Section 13.303, Education Code, is amended by
 18 amending Subsections (a) and (c) and adding Subsection (d) to read
 19 as follows:

20 (a) In appraising teachers, each [Each] school district
 21 shall use:

22 (1) the appraisal process and performance criteria
 23 developed by the board; or

24 (2) an appraisal process and performance criteria
 25 developed by the school district utilizing the procedures
 26 established in Sections 21.930 and 21.931 and approved by the
 27 commissioner of education [~~in appraising teachers for career ladder~~

level-assignment-purposes].

(c) Appraisal shall be done at least [not-fewer-than:

[1]--two---times---during---each---school---year---for
probationary-teachers-and-for-teachers-on-level-one-of--the--career
ladder;-and

[2] once during each school year. The district shall maintain a written copy of the evaluation of each teacher's performance in the teacher's personnel file. Each teacher is entitled to receive a written copy of the evaluation. After receiving a written copy of the evaluation, a teacher is entitled to a second appraisal by a different appraiser or to submit a written rebuttal to the evaluation to be attached to the evaluation in the teacher's personnel file. The evaluation and any rebuttal may be given to another school district at which the teacher has applied for employment at the request of that district [for teachers-on-levels-two,three,-and-four-of-the-career-ladder--whose performance,--on--the--most--recent--appraisal,--was--evaluated--as exceeding--expectations-or-clearly-outstanding.--The-performance-of a-teacher-who,-because-of-unusual-circumstances,-is-appraised--only once--in--a--particular--year--shall-be-evaluated-for-career-ladder purposes-on-the-basis-of-a-single-appraisal].

(d) A teacher may be given advance notice of the date or time of an appraisal.

SECTION 8.14. Section 13.304, Education Code, is amended to read as follows:

Sec. 13.304. PERFORMANCE CATEGORIES. In appraisals of teacher performance [for-career-ladder-level-assignment-purposes],

1 performance [~~shall be evaluated in the same manner and under the~~
2 ~~same criteria regardless of level Performance~~] shall be
3 evaluated as:

4 (1) unsatisfactory (if the teacher's performance is
5 clearly not acceptable in some major area);

6 (2) below expectations (if the teacher's performance
7 needs improvement in some major areas);

8 (3) satisfactory (if the teacher's performance meets
9 expectations);

10 (4) exceeding expectations (if the teacher's
11 performance excels in some major areas); or

12 (5) clearly outstanding.

13 SECTION 8.15. Subchapter B, Chapter 16, Education Code, is
14 amended by adding Section 16.058 to read as follows:

15 Sec. 16.058. SALARY OF TEACHER FORMERLY ON CAREER LADDER.

16 (a) Notwithstanding any provision to the contrary, a teacher who
17 was assigned to a career ladder level under Subchapter E, Chapter
18 13, on August 31, 1993, is entitled to receive for the 1993-1994
19 school year and each school year thereafter, as long as the teacher
20 is employed by the same district, a minimum salary equal to the
21 teacher's base salary plus the teacher's career ladder supplement
22 in the 1992-1993 school year.

23 (b) In this section, "base salary" means the minimum salary
24 prescribed by Sections 16.055 and 16.056 plus any amount in excess
25 of the minimum salary that a school district pays the teacher.

26 SECTION 8.16. Section 21.112(e), Education Code, is amended
27 to read as follows:

(e) All new, additional, and continuing vocational programs shall offer competency-based instruction. Instruction must be based on the essential elements approved by the State Board of Education. ~~[A-competency--profile--must--be--maintained--for--each student-enrolled.]~~

SECTION 8.17. Section 21.204(a), Education Code, is amended to read as follows:

(a) In the event the board of trustees receives a recommendation for nonrenewal, the board, after consideration of the written evaluations required by Section 21.202 of this subchapter and the reasons for the recommendation, shall, in its sole discretion, either reject the recommendation or shall give the teacher written notice of the proposed nonrenewal not later than the 60th day before the last day of instruction required ~~[on-or before-April-1-preceding-the-end-of-the-employment-term--fixed]~~ in the contract.

SECTION 8.18. Section 822.201(b), Government Code, is amended to read as follows:

(b) "Salary and wages" as used in Subsection (a) means:

(1) normal periodic payments of money for service the right to which accrues on a regular basis in proportion to the service performed;

(2) ~~[career-ladder-payments--of--money--authorized--by Section-16-0577-Education-Code;~~

~~[{3}]~~ amounts by which the member's salary is reduced under a salary reduction agreement authorized by Article 6252-3d, Revised Statutes; and

(3) [~~4~~] amounts that would otherwise qualify as salary and wages under Subdivision (1) [~~or--(2)~~] but are not received directly by the member pursuant to a good faith, voluntary written salary reduction agreement in order to finance payments to a deferred compensation or tax sheltered annuity program specifically authorized by state law or to finance benefit options under a cafeteria plan qualifying under Section 125 of the Internal Revenue Code of 1986 (26 U.S.C. Section 125), if:

(A) the program or benefit options are made available to all employees of the employer; and

(B) the benefit options in the cafeteria plan are limited to one or more options that provide deferred compensation, group health and disability insurance, group term life insurance, dependent care assistance programs, or group legal services plans.

SECTION 8.19. Section 825.405(b), Government Code, is amended to read as follows:

(b) For purposes of this section, the statutory minimum salary is the salary provided by Sections [~~Section~~] 16.056 and 16.058, Education Code, multiplied by the cost of education adjustment applicable under Section 16.102, Education Code, to the district in which the member is employed[~~7-plus-any--career--ladder supplement-under-Section-16-0577-Education-Code~~].

SECTION 8.20. The following sections of the Education Code are repealed: 12.61(a), 13.301, 13.305, 13.306(b), 13.307-13.317, 13.319-13.323, and 21.251(c).

SECTION 8.21. Sections 13.353(a) and (e), Education Code,

are amended to read as follows:

(a) Each school district shall offer in-service training in management skills for district administrators, including principals and superintendents. The program may be one ~~[programs-must-be consistent-with-standards-or-models]~~ adopted by the State Board of Education or one approved by the board of trustees and shall include management training in site-based decision making established under Section 21.931 ~~[must-be-flexible-and-draw-from-a variety-of-offerings-both-in-and-out-of-state]~~.

(e) From funds appropriated for that purpose, the Central Education Agency may ~~[shall]~~ allocate an amount each year for the identification, adaptation, development, and evaluation of professional development programs and materials; training of trainers; and technical assistance in the development of general management and leadership development skills, including skills necessary to implement Sections 21.7532, 21.930, and 21.931 of this code. The State Board of Education may designate special projects and development activities to be carried out with such funds. ~~[The manner--in-which-such-funds-are-utilized-shall-be-reported-annually to-the-commissioner-of-education.]~~

SECTION 8.22. Section 13.354(d), Education Code, is amended to read as follows:

(d) Each school district may ~~[shall]~~ use the appraisal process and performance criteria developed by the board in evaluating the performance of an administrator.

SECTION 8.23. The following sections of the Education Code are repealed: 12.64 and 13.354(c).

1 SECTION 8.24. Section 21.165(d), Education Code, is amended
2 to read as follows:

3 (d) If the requisition is for the purchase of a motor
4 vehicle, bus, bus body, or bus chassis, it must be approved by
5 either the county school board when funded under law or the board
6 of trustees of a school district [~~and--by--the--commissioner--of~~
7 ~~education~~].

8 SECTION 8.25. Sections 21.174(c)-(i), Education Code, are
9 amended to read as follows:

10 (c)(1) Except as provided in Subsections (e) and (f)
11 [~~Subdivision--(4)--of--this--subsection~~], no county or local district
12 school board may purchase or lease or authorize the purchase or
13 lease after September 1, 1993 [~~1994~~], of any motor vehicle used for
14 transporting school children for any county or local school
15 district operating more than 50 such vehicles unless that vehicle
16 is capable of using compressed natural gas or other alternative
17 fuels which result in comparably lower emissions of oxides of
18 nitrogen, volatile organic compounds, carbon monoxide, or
19 particulates or any combination thereof.

20 (2) A county or local district school board may
21 acquire or be provided equipment or refueling facilities necessary
22 to operate such vehicles using compressed natural gas or other
23 alternative fuels:

- 24 (A) by purchase or lease as authorized by law;
25 (B) by gift or loan of the equipment or
26 facilities; or
27 (C) by gift or loan of the equipment or

facilities or other arrangement pursuant to a service contract for the supply of compressed natural gas or other alternative fuels.

(3) If such equipment or facilities are donated, loaned, or provided through other arrangement with the supplier of compressed natural gas or other alternative fuels, the supplier shall be entitled to recoup its actual cost of donating, loaning, or providing the equipment or facilities through its fuel charges under the supply contract.

[4]--The--State--Purchasing---and---General---Services Commission--shall--waive--the--requirements-of-this-section-for-any school-district-if--the--county--or--local--district--school--board certifies-to-the-commission-that:

[A]--the-county's-or-district's-vehicles-will-be operating--primarily--in--an--area--in--which-neither-the-county-or district-nor-a-supplier--has--or--can--reasonably--be--expected--to establish-a-central-refueling-station-for-compressed-natural-gas-or other-alternative-fuels;-or

[B]--the-county-or-district-is-unable-to-acquire or--be--provided--equipment--or--refueling--facilities-necessary-to operate-vehicles-using-compressed-natural-gas-or-other--alternative fuels-pursuant-to-Subdivision-(2)-of-this-subsection-at-a-projected cost--that-is-reasonably-expected-to-result-in-no-greater-net-costs than-the-continued-use-of--traditional--gasoline--or--diesel--fuels measured--over--the--expected--useful--life--of--the--equipment--or facilities-supplied;

[5]--Written--notice--of--the--date,-hour,-place,-and subject-of-any-county-or-local-district-school-board-meeting-called

for-the-purpose-of-considering-certification-under-Subdivision--(4)
of--this--subsection--shall-be-furnished-to-the-secretary-of-state,
who-shall-then-post-the-notice-on-a-bulletin-board-to-be-located-in
the-main-office-of-the-secretary-of-state-at-a-place-convenient--to
the--public--and--shall--have--a--notice-posted-on-a-bulletin-board
located-at--a--place--convenient--to--the--public--in--its--central
administrative-office.--Notice-of-the-meeting-must-be-posted-for-at
least-60-days-preceding-the-scheduled-time-of-the-meeting.]

(d)(1) Any county or local district school board which
operates a fleet of more than 50 motor vehicles used for
transporting school children shall ensure that [achieve--the
following-percentages-of-such-vehicles-capable-of-using--compressed
natural-gas-or-other-alternative-fuels-by-the-times-specified]:

(A) not less than 50 percent of its fleet is
capable of using compressed natural gas or other alternative fuel
not later than the earlier of September 1, 1997, or four years from
the date the fleet exceeds 50 vehicles [the-percentage-shall-be
equal-to-or-greater-than-30-percent-of-the-number-of-such--vehicles
operated-by-September-17-1994]; and

(B) not less than 90 percent of its fleet is
capable of using compressed natural gas or other alternative fuel
not later than September 1, 2001 [equal-to-or-greater-than-50
percent-of-the-number-of-such-vehicles--operated--by--September--17
1996].

(2) A school district may meet the fleet composition
requirements by converting new or existing vehicles to alternative
fuel, by replacing existing vehicle engines with alternative fuel

engines, or by purchasing new alternative fuel vehicles [The--Texas Air-Control-Board--must-review-this-alternative-fuel-use-program-by December--31--1996,--and,--if--the--Texas--Air--Control--Board--determines that--the--program--has--been--effective--in--reducing--total--annual emissions--from--vehicles--in--the--area,--county--and--local--district school--boards--operating--fleets--of--more--than--50--motor--vehicles--used for--transporting--school--children--shall--achieve--a--percentage--of--such vehicles---capable---of--using--compressed--natural--gas--or--other alternative--fuels--equal--to--or--greater--than--90--percent--of--the--number of--fleet--vehicles--operated--by--September--1,--1998,--and--thereafter].

(3) School districts that achieve a fleet composition of 30 percent or more alternative fuel vehicles by September 1, 1994, have priority to receive appropriated or other funds available for the purpose of fleet conversion to alternative fuel [County-and-local--district--school--boards--shall--submit--to--the Central--Education--Agency--annual--reports--summarizing--their--progress in--achieving--these--percentage--requirements--and--increasing--use--of compressed--natural--gas--or--other--alternative--fuels,--and--the--Central Education--Agency--shall--submit--the--summaries--to--the--Texas--Air Control--Board--by--September--1--of--each--year.

[4]--County--and--local--district--school--boards,--the Central--Education--Agency,--and--the--State--Purchasing--and--General Services--Commission--shall--support--the--Texas--Air--Control--Board--in collecting--reasonable--information--needed--to--determine--air--quality benefits--from--use--of--alternative--fuels--in--affected--districts].

(e)(1) The requirements of Subsections (c) and (d) do not apply to any school district if the county or local district school

board acts in accordance with Subdivision (1)(A), (B), or (C) of this subsection.

(A) The requirements do not apply if the county or local district school board solicits, but does not receive, any bids for service contracts for the supply of compressed natural gas or other alternative fuels that are at or below the net projected costs of continued use of traditional gasoline or diesel fuels measured over the expected useful life of the equipment or facilities supplied. The bid solicitation provision does not require any board to solicit a bid for service contracts more than once during any fiscal year.

(B) The requirements do not apply if the county or local district school board solicits, but does not receive, any bids for conversion of engines or vehicles or replacement of engines or vehicles to compressed natural gas or other alternative fuels that are at or below the net projected costs of continued use of traditional gasoline or diesel fuels measured over the expected useful life of the engine or vehicle.

(C) The requirements do not apply if the county or local district school board solicits, but does not receive, any bids for a contract that provides for conversion or replacement, or both, of engines or vehicles, or both, to compressed natural gas or other alternative fuel and for the supply of compressed natural gas or other alternative fuels that is at or below the net projected costs of continued use of traditional gasoline or diesel fuels measured over the expected useful life of the equipment, facilities, vehicles, and engines. The bid solicitation provision

1 does not require a board to solicit such a bid more than once
2 during any three-year period.

3 (2) A person making a bid or submitting a proposal in
4 response to a solicitation made in compliance with this subsection
5 has the burden to provide the school board the information on total
6 cost-effectiveness of the bid, including, if applicable, the cost
7 of new warranties for vehicle or engine conversion and insurance
8 costs.

9 (3) In determining total cost-effectiveness under this
10 subsection, a board may consider both the short-term and long-term
11 costs to the district and other objective factors that may affect
12 the capacity of the district to use compressed natural gas or other
13 alternative fuels. The board shall consider availability of state
14 and federal funds for conversion and replacement purposes [County
15 and-local-district-school-boards,-the-Central-Education-Agency,-and
16 the--State--Purchasing--and--General--Services--Commission--in--the
17 development-of-the-compressed-natural-gas-or-other-alternative-fuel
18 use--program--should--work--with--district-fleet-operators,-vehicle
19 manufacturers-and-converters,-fuel-distributors,-and-others--to
20 delineate--the--vehicles--to--be-covered,-taking-into-consideration
21 range,-specialty-uses,-fuel-availability,-vehicle-manufacturing-and
22 conversion-capability,-safety,-resale-values,-and--other--relevant
23 factors.---Districts--may--also-meet-the-percentage-requirements-of
24 this-section--through--the--conversion--of--existing--vehicles,-in
25 accordance--with--federal--and--state--requirements--and-applicable
26 safety-laws,-to-use-the-alternative-fuels].

27 (f) The requirements of Subsections (c) and (d) do not

1 require any district to convert any vehicle put into service on or
 2 before September 1, 1993, to alternative fuel. The requirements of
 3 Subsections (c) and (d) do not apply until September 1, 1995, for
 4 any district that applied for a two-year life cycle cost benefit
 5 waiver prior to September 1, 1993, if that waiver is subsequently
 6 granted. The General Services Commission shall expedite the
 7 process on all those waiver applications. [The State Purchasing
 8 and General Services Commission may reduce any percentage specified
 9 or waive the requirements of Subsection (d) of this section for any
 10 county or district on receipt of certification supported by
 11 evidence acceptable to the commission that:

12 [(1) the county or district's vehicles will be
 13 operating primarily in an area in which neither the county,
 14 district, nor a supplier has or can reasonably be expected to
 15 establish a central refueling station for compressed natural gas or
 16 other alternative fuels; or

17 [(2) the county or district is unable to acquire or be
 18 provided equipment or refueling facilities necessary to operate
 19 vehicles using compressed natural gas or other alternative fuels
 20 pursuant to Subdivision (2) of Subsection (c) of this section at a
 21 projected cost that is reasonably expected to result in no greater
 22 net costs than the continued use of traditional gasoline or diesel
 23 fuels measured over the expected useful life of the equipment or
 24 facilities supplied.]

25 (g) County and local district school boards and the [State
 26 Purchasing and] General Services Commission in purchasing, leasing,
 27 maintaining, or converting vehicles for compressed natural gas or

1 other alternative fuels use shall comply with all applicable safety
 2 standards promulgated by the United States Department of
 3 Transportation and the Railroad Commission of Texas or their
 4 successor agencies. The requirements of Subsections (c) and (d) do
 5 not require a district to convert any vehicle or engine to
 6 compressed natural gas or other alternative fuel if the conversion
 7 does not meet fuel system integrity standards as designed and
 8 tested by the National Highway Transportation Safety Administration
 9 or the Railroad Commission of Texas.

10 (h) In this section, a vehicle is considered to be capable
 11 of using compressed natural gas or other alternative fuels if the
 12 vehicle is capable of using compressed natural gas or other
 13 alternative fuels either in its original equipment engine or in an
 14 engine that has been converted to use compressed natural gas or
 15 other alternative fuels after September 1, 1991~~[unless the time~~
 16 ~~for compliance is extended pursuant to Subsection (i) of this~~
 17 ~~section].~~

18 [~~(i) The General Services Commission may extend the date by~~
 19 ~~which a vehicle powered by a traditional gasoline or diesel engine~~
 20 ~~shall be capable of using compressed natural gas or other~~
 21 ~~alternative fuels as required under this section for one or more~~
 22 ~~periods of 90 days, but not beyond September 1, 1993, if it finds a~~
 23 ~~lack of ability to acquire such vehicles with original alternative~~
 24 ~~fuels equipment, to acquire such vehicles which are able to be~~
 25 ~~converted, or to convert such vehicles to use compressed natural~~
 26 ~~gas or other alternative fuels.]~~

(a) As an alternative to purchasing school buses, a county or local district school board may contract with any person for the lease, acquisition, or lease with option or options to purchase any school bus or buses if, at the discretion of the school board, such contract is determined to be economically advantageous to the school district ~~and---complies---with---the---alternative---fuel requirements-of-Section-11.174~~]. Contracts may be in the form of a lease or a lease with option or options to purchase. A contract is in the form of a lease if it is a contract for the use and possession of one or more school buses for consideration. Ownership of a bus acquired through a lease or a lease with an option to purchase remains with the lessor unless the lessee exercises an option to purchase and purchases the bus under the option. A school bus that is leased or leased with an option to purchase under this section must meet or exceed the requirements related to safety that apply to purchased or privately operated school buses under Section 11.12. Contracts in the form of an installment purchase or any form other than a lease or a lease with option or options to purchase shall be subject to the provisions of Section 21.165, as well as rules of the General Services

SECTION 8.27. Section 19.051(a), Education Code, is amended to read as follows:

(a) By the procedure described in this subchapter, any of the following groups of school districts may consolidate into a single school district:

(1) two or more [~~contiguous~~] independent school districts;

(2) two or more [~~contiguous~~] common school districts;
or

(3) one or more independent school districts and one or more common school districts [~~constituting--as--a--whole--one continuous-territory~~].

SECTION 8.28. Section 21.041, Education Code, as amended by Section 1, Chapter 353, Acts of the 71st Legislature, Regular Session, 1989, and Section 2.12, Chapter 813, Acts of the 71st Legislature, Regular Session, 1989, is reenacted and amended to read as follows:

Sec. 21.041. ABSENCES. (a) Except as provided by this section, a student may not be given credit for a class unless the student is in attendance for at least 90 percent of the [80] days the class is offered [~~during-a-semester~~].

(b) The board of trustees of each school district shall appoint one or more attendance committees to hear petitions for class credit by students who are in attendance fewer than the number of days required under Subsection (a) [~~80-days-during-a semester~~]. Each board may determine the number of committees needed in the district and the composition of each committee. The committees may give class credit to a student who is in attendance fewer than the number of days required under Subsection (a) [~~80 days-during-a-semester~~] because of extenuating circumstances. Each local school board shall establish guidelines to determine what constitutes extenuating circumstances, subject to rules adopted by

1 the State Board of Education, and shall adopt policies establishing
2 alternative ways for students to make up work or regain credit lost
3 because of absences. The State Board of Education shall submit its
4 rules adopted under this section to the Legislative Education Board
5 for review to ensure compliance with legislative intent. A
6 certified public school employee may not be assigned additional
7 instructional duties as a result of this section outside of the
8 regular workday unless the employee is compensated for the duties
9 at a reasonable rate of pay.

10 (c) A member of an attendance committee is not personally
11 liable for any act or omission arising out of duties as a member of
12 an attendance committee.

13 (d) If a student is denied credit for a class by an
14 attendance committee, the student may appeal the decision to the
15 board. The decision of the board may be appealed by trial de novo
16 to the district court of the county in which the school district's
17 central administrative office is located.

18 (e) This section does not affect the provision of Section
19 21.035(f) of this code regarding a student's excused absence from
20 school to observe religious holy days.

21 SECTION 8.29. Sections 21.458(a), (b), (e), and (f),
22 Education Code, are amended to read as follows:

23 (a) Each district that is required to offer a bilingual
24 education or special language program shall offer a voluntary
25 [summer] program for children of limited English proficiency who
26 will be eligible for admission to kindergarten or the first grade
27 at the beginning of the next school year. A school that operates

1 on a two-semester system shall offer the program during the period
 2 school is recessed for the summer. A school that operates on any
 3 other system permitted by this code shall offer 120 hours of
 4 instruction on a schedule the board of trustees of the district
 5 establishes.

6 (b) Enrollment in the program is optional with the parent of
 7 the child. In a district that operates on a two-semester system,
 8 the [The] program must be offered for one-half day for eight weeks.

9 (e) The [~~preschool---or---summer~~] programs required or
 10 authorized by this section shall not be a substitute for programs
 11 required to be provided during the regular school year.

12 (f) The legislature may appropriate funds from the
 13 foundation school program for support of a [the--summer] program
 14 under Subsection (a) of this section.

15 SECTION 8.30. Section 21.3011(b), Education Code, is amended
 16 to read as follows:

17 (b) A student may be removed from class and expelled without
 18 resort to an alternative education program under Section 21.301 of
 19 this code if the student, on school property or while attending a
 20 school-sponsored or school-related activity on or off of school
 21 property:

22 (1) assaults a teacher or other individual;

23 (2) sells, gives, or delivers to another person or
 24 possesses or uses or is under the influence of:

25 (A) marihuana or a controlled substance, as
 26 defined by Chapter 481, Health and Safety Code, or by 21 U.S.C.
 27 Section 801 et seq.; or

1 (B) a dangerous drug, as defined by Chapter 483,
2 Health and Safety Code;

3 (3) sells, gives, or delivers to another person an
4 alcoholic beverage, as defined by Section 1.04, Alcoholic Beverage
5 Code, or commits a serious act or offense while under the influence
6 of alcohol; or on more than one occasion possesses, uses, or is
7 under the influence of an alcoholic beverage;

8 (4) possesses a firearm as defined by Section
9 46.01(3), Penal Code, an illegal knife as defined by Section
10 46.01(6), Penal Code, a club as defined by Section 46.01(1), Penal
11 Code, or a weapon listed as a prohibited weapon under Section
12 46.06, Penal Code;

13 (5) engages in conduct that contains the elements of
14 an offense relating to abusable glue or aerosol paint under
15 Sections 485.031 through 485.035, Health and Safety Code, or
16 relating to volatile chemicals under Chapter 484, Health and Safety
17 Code;

18 (6) engages in conduct that contains the elements of
19 the offense of arson under Section 28.02, Penal Code; ~~or~~

20 (7) engages in conduct that contains the elements of
21 the offense of criminal mischief under Section 28.03, Penal Code,
22 if the offense is punishable as a felony under that section; or

23 (8) engages in conduct that contains the elements of
24 the offense of public lewdness under Section 21.07, Penal Code.

25 SECTION 8.31. Section 3(a), Chapter 424, Acts of the 63rd
26 Legislature, Regular Session, 1973 (Article 6252-17a, Vernon's
27 Texas Civil Statutes), is amended to read as follows:

1 (a) All information collected, assembled, or maintained by
2 or for governmental bodies, except in those situations where the
3 governmental body does not have either a right of access to or
4 ownership of the information, pursuant to law or ordinance or in
5 connection with the transaction of official business is public
6 information and available to the public during normal business
7 hours of any governmental body, with the following exceptions only:

8 (1) information deemed confidential by law, either
9 Constitutional, statutory, or by judicial decision;

10 (2) information in personnel files, the disclosure of
11 which would constitute a clearly unwarranted invasion of personal
12 privacy, and transcripts from institutions of higher education
13 maintained in the personnel files of professional public school
14 employees; provided, however, that nothing in this section shall be
15 construed to exempt from disclosure the degree obtained and the
16 curriculum on such transcripts of professional public school
17 employees, and further provided that all information in personnel
18 files of an individual employee within a governmental body is to be
19 made available to that individual employee or his designated
20 representative as is public information under this Act;

21 (3) information relating to litigation of a criminal
22 or civil nature and settlement negotiations, to which the state or
23 political subdivision is, or may be, a party, or to which an
24 officer or employee of the state or political subdivision, as a
25 consequence of his office or employment, is or may be a party, that
26 the attorney general or the respective attorneys of the various
27 political subdivisions has determined should be withheld from

1 public inspection;

2 (4) information which, if released, would give
3 advantage to competitors or bidders;

4 (5) information pertaining to the location of real or
5 personal property for public purposes prior to public announcement
6 of the project, and information pertaining to appraisals or
7 purchase price of real or personal property for public purposes
8 prior to the formal award of contracts therefor;

9 (6) drafts and working papers involved in the
10 preparation of proposed legislation;

11 (7) matters in which the duty of the Attorney General
12 of Texas or an attorney of a political subdivision, to his client,
13 pursuant to the Rules and Canons of Ethics of the State Bar of
14 Texas are prohibited from disclosure, or which by order of a court
15 are prohibited from disclosure;

16 (8) records of law enforcement agencies and
17 prosecutors that deal with the detection, investigation, and
18 prosecution of crime and the internal records and notations of such
19 law enforcement agencies and prosecutors which are maintained for
20 internal use in matters relating to law enforcement and
21 prosecution;

22 (9) private correspondence and communications of an
23 elected office holder relating to matters the disclosure of which
24 would constitute an invasion of privacy;

25 (10) trade secrets and commercial or financial
26 information obtained from a person and privileged or confidential
27 by statute or judicial decision;

1 (11) inter-agency or intra-agency memorandums or
2 letters which would not be available by law to a party in
3 litigation with the agency;

4 (12) information contained in or related to
5 examination, operating, or condition reports prepared by, on behalf
6 of, or for the use of an agency responsible for the regulation or
7 supervision of financial institutions, and/or securities, as that
8 term is defined in the Texas Securities Act;

9 (13) geological and geophysical information and data
10 including maps concerning wells, except information filed in
11 connection with an application or proceeding before any agency or
12 an electric log confidential under Subchapter M, Chapter 91,
13 Natural Resources Code;

14 (14) student records at educational institutions
15 funded wholly, or in part, by state revenue; but such records shall
16 be made available upon request of educational institution
17 personnel, the student involved, that student's parent, legal
18 guardian, or spouse or a person conducting a child abuse
19 investigation required by Section 34.05, Family Code;

20 (15) birth and death records maintained by the Bureau
21 of Vital Statistics of the Texas Department of Health, except that:

22 (A) a birth record is public information and
23 available to the public on and after the 50th anniversary of the
24 date on which the record is filed with the Bureau of Vital
25 Statistics or local registration official; and

26 (B) a death record is public information and
27 available to the public on and after the 25th anniversary of the

1 date on which the record is filed with the Bureau of Vital
2 Statistics or local registration official;

3 (16) the audit working papers of the State Auditor;

4 (17) information relating to:

5 (A) the home addresses or home telephone numbers
6 of each official or employee or each former official or employee of
7 a governmental body except as otherwise provided by Section 3A of
8 this Act, or of peace officers as defined by Article 2.12, Code of
9 Criminal Procedure, 1965, as amended, or by Section 51.212, Texas
10 Education Code; or

11 (B) the home addresses, home telephone numbers,
12 or social security numbers of employees of the Texas Department of
13 Criminal Justice, or the home or employment addresses or telephone
14 numbers or the names or social security numbers of their family
15 members;

16 (18) information contained on or derived from
17 triplicate prescription forms filed with the Department of Public
18 Safety pursuant to Section 481.075, Health and Safety Code;

19 (19) photographs that depict a peace officer as
20 defined by Article 2.12, Code of Criminal Procedure, or a security
21 officer commissioned under Section 51.212, Education Code, the
22 release of which would endanger the life or physical safety of the
23 officer unless:

24 (A) the officer is under indictment or charged
25 with an offense by information; or

26 (B) the officer is a party in a fire or police
27 civil service hearing or a case in arbitration; or

1 (C) the photograph is introduced as evidence in
2 a judicial proceeding;

3 (20) rare books and original manuscripts which were
4 not created or maintained in the conduct of official business of a
5 governmental body and which are held by any private or public
6 archival and manuscript repository for the purposes of historical
7 research;

8 (21) oral history interviews, personal papers,
9 unpublished letters, and organizational records of nongovernmental
10 entities, which were not created or maintained in the conduct of
11 official business of a governmental body and which are held by any
12 private or public archival and manuscript repository for the
13 purposes of historical research, to the extent that the archival
14 and manuscript repository and the donor of the interviews, papers,
15 letters, and records may agree to limit disclosure of the item;

16 (22) [~~curriculum--objectives-and~~] test items developed
17 by educational institutions that are funded wholly or in part by
18 state revenue and test items developed by licensing agencies or
19 governmental bodies; and

20 (23) the names of applicants for the position of chief
21 executive officer of institutions of higher education, except that
22 the governing body of the institution of higher education must give
23 public notice of the name or names of the finalists being
24 considered for the position at least 21 days prior to the meeting
25 at which final action or vote is to be taken on the employment of
26 the individual.

27 SECTION 8.32. Section 5(a), Chapter 173, Acts of the 47th

1 Legislature, Regular Session, 1941 (Article 6687b, Vernon's Texas
2 Civil Statutes), is amended to read as follows:

3 (a) No person who is under the age of eighteen (18) years
4 shall drive any motor vehicle while in use as a school bus for the
5 transportation of pupils to or from school. A person who is
6 eighteen (18) years of age or older may not operate a vehicle as a
7 school bus until he has been properly licensed to operate a school
8 bus. It shall be unlawful for any person to be employed to drive a
9 motor vehicle while in use as a school bus for the transportation
10 of pupils who has not undergone a physical examination which
11 reveals his physical and mental capabilities to safely operate a
12 school bus. Such physical examinations shall be conducted annually
13 for each driver. A pre-employment driver's license check shall
14 have been made with the Texas Department of Public Safety prior to
15 the employment and the person's driving record must be acceptable
16 according to standards developed jointly by the State Board of
17 Education and the Texas Department of Public Safety. Effective at
18 such date and under provisions as may be determined by the State
19 Board of Education, the driver of a school bus shall have in his
20 possession a certificate stating he is enrolled in, or has
21 completed, a driver training course in school bus safety education
22 that has been approved jointly by the State Board of Education and
23 the Texas Department of Public Safety. The bus driving certificate
24 shall remain valid for a period of three years. This subsection
25 does not affect the right of any otherwise qualified person with a
26 hearing disability to be licensed, certified, and employed as a bus
27 driver for vehicles used to transport hearing impaired students or

1 persons. This subsection does not apply to the operation of a
2 vehicle owned by a public institution of higher education to
3 transport students of a school district that operates within that
4 institution if:

5 (1) the person operating the vehicle is approved by
6 the institution to operate the vehicle; and

7 (2) the transportation is for a field trip or other
8 special event.

9 SECTION 8.33. The following sections of the Education Code
10 are repealed: 21.008, 21.132-21.134, 23.993, 23.994, and 23.999.

11 SECTION 8.34. Effective September 1, 1995, the following
12 provisions of the Education Code are repealed:

13 (1) Title 1; and

14 (2) Title 2, except Chapters 16, 20, and 36.

15 SECTION 8.35. Not later than June 1, 1994, the commissioner
16 of education shall submit to the legislature a proposed revision of
17 Education Code provisions repealed by Section 8.34 of this article.

18 SECTION 8.36. Effective September 1, 1995, the Central
19 Education Agency is abolished.

20 SECTION 8.37. This article takes effect September 1, 1993.

21 ARTICLE 9

22 SECTION 9.01. (a) Except as otherwise provided by this Act,
23 this Act takes effect immediately.

24 (b) This Act applies to taxes imposed on or after January 1,
25 1993.

26 SECTION 9.02. The importance of this legislation and the
27 crowded condition of the calendars in both houses create an

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1 emergency and an imperative public necessity that the
2 constitutional rule requiring bills to be read on three several
3 days in each house be suspended, and this rule is hereby suspended,
4 and that this Act take effect and be in force according to its
5 terms, and it is so enacted.

SIDE BY SIDE ANALYSIS

S.B. 7

SENATE VERSION

HOUSE VERSION

ACTION TAKEN

SECTION 1. Amends Chapter 16, Education Code, as follows:

CHAPTER 16. FOUNDATION SCHOOL PROGRAM
SUBCHAPTER A. GENERAL PROVISIONS

Secs. 16.001-16.005. Retains current law.

Sec. 16.006. AVERAGE DAILY ATTENDANCE.
(a) Provides that average daily attendance (ADA) is the quotient of the sum of attendance for each day of the minimum school year as described and for each day approved by the commissioner of education for an extended year program divided by the number of days in the minimum school year.

Sec. 16.007. PUBLIC EDUCATION INFORMATION MANAGEMENT SYSTEM (PEIMS).
(a) and (c) Delete provisions relating to the county education districts.

Sec. 16.008. EQUALIZED FUNDING ELEMENTS.
Makes a nonsubstantive change.

Sec. 16.009. Repealed.

SECTION 2.01. Amends Chapter 16, Education Code, as follows:

Same.

Same.

Retains current law.

Same except adds new (c) that requires commissioner to conduct an annual review of PEIMS and repeal or amend rules that require districts to provide information that is not necessary.

Same.

Same.

SECTION 2.01. Adopts senate version with modifications, including those indicated:

Adopts senate version, except provides that attendance in an extended year program is counted for ADA purposes beginning with 1995-1996 school year.

Adopts house version with clarifications.

| SENATE VERSION | HOUSE VERSION | ACTION TAKEN |
|---|---|--|
| Sec. 16.010. Repealed. | Same. | |
| Sec. 16.011. Repealed. | Same. | |
| SUBCHAPTER B. REQUIREMENTS FOR DISTRICT PARTICIPATION IN THE FOUNDATION SCHOOL PROGRAM | | |
| Sec. 16.051. REQUIRED COMPLIANCE. Maintains current law. | Same. | |
| Sec. 16.052. OPERATION OF SCHOOLS: TEACHER PREPARATION AND STAFF DEVELOPMENT. Maintains current law. | Amends (b) to allow school district to replace not more than five days of instruction with staff development days and deletes requirement for not less than 20 hours of staff development, as described; (c) requires that staff development be campus-based and describes acceptable staff development activities; (d) repealed. | Adopts senate version but includes house language concerning staff development activities. |
| Sec. 16.053. ACCREDITATION. Maintains current law. | Same. | |
| Sec. 16.054. STUDENT/TEACHER RATIOS; CLASS SIZE. Adds a Subsection (f) to require each school committee, not later than the 45th day after the first day of the school year, to file a written report with the school district that states the class size of each class in the school. Requires each school district, not later than the 60th day after the first day of the school year, to forward the reports to the commissioner. | (b) Allows only 22 students in K through 4 except as provided in (d) or (f) and repeals provision that limitation does not apply during the last 12 weeks of any school year. (d) Defines "undue hardship" and describes waiver process; provides for school district to lose foundation school funds for exceeding class size without filing timely waiver. | Adopts senate version, but omits Subsection (g). |

SENATE VERSION

HOUSE VERSION

ACTION TAKEN

(f) A school district may enroll more than 22, but not more than 24, students in K through 4 to either avoid class reorganization after first 12 weeks of school year or during any 12 weeks if a significant percentage of students' parents or guardians are migrant workers.

(g) Same provisions as in senate Subsection (f).

Sec. 16.055. COMPENSATION OF PROFESSIONAL AND PARAPROFESSIONAL PERSONNEL.

Amends (b) to make clarifying change.

Maintains current law.

Sec. 16.056. TEXAS PUBLIC EDUCATION COMPENSATION PLAN.

Maintains current law.

Same.

Sec. 16.057. CAREER LADDER SALARY SUPPLEMENTS.

Maintains current law.

Repeals career ladder salary supplement.

Adopts house version.

SUBCHAPTER C. BASIC ENTITLEMENT

Sec. 16.101. BASIC ALLOTMENT.

Provides that a district is entitled to an allotment of \$2,450 per student ADA as adjusted to fund the career ladder allotment or a greater amount adopted by the foundation school fund budget committee. Provides that a different, rather than greater, amount for any school year may be provided by appropriation. Eliminates current

Establishes a basic allotment of \$2,300 for each school year or greater amount as adopted by the foundation school fund budget committee or provided by appropriation. Eliminates current allotments for the 1991-1992 through the 1994-1995 school years.

Adopts house version with clarification.

SENATE VERSION**HOUSE VERSION****ACTION TAKEN**

allotments for the 1991-1992 through the 1994-1995 school years.

Sec. 16.102. COST OF EDUCATION ADJUSTMENT.

(a) Makes conforming change.

(b) Provides that adjustment for 1993-1994 and 1994-1995 school years is cost of education index adopted by the foundation school fund budget committee in December 1990. Requires the foundation school fund budget committee, beginning with the 1995-1996 school year, to determine the cost of education adjustments under Sec. 16.256. Makes nonsubstantive changes; deletes expiration.

Sec. 16.103. SMALL DISTRICT ADJUSTMENT.

(a) Retains current law.

(b) and (c) Make a corrective change to provide the formula for adjusting the basic allotment, rather than ADA, as previously.

(e) Deletes expiration.

Sec. 16.1031. USE OF SMALL DISTRICT ADJUSTMENT IN CALCULATING SPECIAL ALLOTMENTS.

Repeals expiration provision for this section.

Same.

The adjustment for the school year is the cost of education index adopted in December 1990 by the foundation school fund budget committee; deletes requirement that index be recomputed for districts receiving the small district adjustment; deletes expiration.

Same.

Same.

SENATE VERSION**HOUSE VERSION****ACTION TAKEN**

Sec. 16.104. SPARSITY ADJUSTMENT.
Repeals expiration provision for this section.

Same.

SUBCHAPTER D. SPECIAL ALLOTMENTS

Sec. 16.151. SPECIAL EDUCATION.

(a) Provides for weighting the adjusted basic allotment for each student in mainstream instructional arrangement and changes weights for full-time equivalent students in certain other instructional arrangements.

(a) Maintains current law and makes technical corrections to appropriately reletter the subsequent subsections.

Substantially adopts senate version for Section 16.151.

(b) Changes certain funding weights.

(b) Maintains current law.

(c) Provides for instructional arrangements to be grouped in a combined arrangement, beginning with the 1995-1996 school year.

No similar provision.

(d) Limits the number of contact hours credited per day for each student under certain instructional arrangements from exceeding certain amounts, beginning with the 1995-1996 school year.

No similar provision.

(e) Requires the State Board of Education, in prescribing the qualifications that a mainstream instructional agreement must meet, to require that the arrangement provide eligible students with disabilities special education services in the regular classroom with any necessary direct or indirect special educational support.

(c) Maintains current law.

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(f) Maintains current law.

(d) Same.

(g) Maintains current law.

(e) Same.

(h) Maintains current law.

(f) Same.

(i) Maintains current law.

(g) Same.

(j) Repeals requirement that the Central Education Agency provide transitional support for the movement of students from totally self-contained to partially self-contained instructional arrangements; repeals \$2,500 payment for each student moved from a totally self-contained classroom to a partially self-contained classroom.

(h) Maintains current law.

(k) If a district's ratio of FTE students in partially or totally self-contained classrooms to FTE students in resource or mainstream instructional arrangements exceeds statewide average by 25 percent for two successive years, the commissioner may reduce the special education allotment the district receives to the level to which the district would be entitled if the district's ratio was not more than 25 percent higher than the statewide ratio. Makes conforming changes.

(i) Maintains current law.

(l) Provides for funding for a school district that provides an extended year program required by federal law for

(j) Maintains current law.

SENATE VERSION**HOUSE VERSION****ACTION TAKEN**

special education students who may regress. Deletes statement that student in a mainstream instructional arrangement who is not also in another instructional arrangement is provided support needed to remain in the regular classroom.

(m) Requires the commissioner to withhold from the total amount of funds appropriated for special education the amount specified in the General Appropriations Act, which for 1994-1995 biennium may not be more than \$2 million, to reallocate to selected school districts for pilot programs under added Section 21.513 to include students with disabilities in the regular classroom.

Sec. 16.152. COMPENSATORY EDUCATION ALLOTMENT.
Makes nonsubstantive changes to reletter subsections and conform references.

No similar provision.

Makes nonsubstantive changes to reletter subsections and conform references.

Adopts house version for Sec. 16.152.

(f)(2), (j), and (m) Connects reductions in allotments to equalized proration provision.

(n) The commissioner of education may withhold a contingency fund not to exceed \$1 million for significant unanticipated enrollment increases of nonhandicapped students who reside in residential placement facilities.

(o) The commissioner shall reduce each district's compensatory education allotment proportionately after deducting the amount withheld under Subsection (n).

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Sec. 16.153. BILINGUAL EDUCATION ALLOTMENT.
Maintains current law.

Same.

Sec. 16.155. VOCATIONAL EDUCATION ALLOTMENT.
Makes nonsubstantive changes to reletter subsections and conform references.

Makes nonsubstantive changes to reletter subsections and conform references.

Adopts house version.

Maintains current law except to clarify that adjustments to the vocational education allotment will be made in accordance with equalized proration provision.

Sec. 16.156. TRANSPORTATION ALLOTMENT.
Maintains current law.

Same, except removes the unnecessary term "state" from a reference to the commissioner of education.

Sec. 16.158. CAREER LADDER ALLOTMENT.
(e) As added, requires the commissioner to reduce the basic allotment by an amount that would result in a reduction of the state's share of the basic allotment sufficient to fund the career ladder allotment.

Changes CAREER LADDER ALLOTMENT to TEACHER COMPENSATION ALLOTMENT. Each district is entitled to an allotment for teacher compensation equal to ADA multiplied by \$90. Allotment may be used only for paying salaries of teachers who were entitled to career ladder supplements. If the allotment exceeds the amount needed, a district shall use the excess to supplement salaries of other teachers.

Adopts house version.

Sec. 16.159. GIFTED AND TALENTED STUDENT ALLOTMENT.
Maintains current law.

Maintains current law except to provide that adjustments to the gifted and talented allotment will be made in accordance with equalized proration provision.

Adopts house version.

SENATE VERSION

HOUSE VERSION

ACTION TAKEN

Sec. 16.160. TECHNOLOGY FUNDS.
Maintains current law.

Same.

SUBCHAPTER F. ACCOUNTABLE COSTS OF EDUCATION

Sec. 16.201. PURPOSE.
Maintains current law.

Same.

Sec. 16.202. STUDIES.
Maintains current law.

Repeals Sec. 16.202.

Adopts house version.

Sec. 16.203. PROCEDURES.
Maintains current law.

Repeals Sec. 16.203.

Adopts house version.

Sec. 16.204. NAVAL MILITARY FACILITY
IMPACT.
Repealed.

Same.

Sec. 16.205. LIMIT ON ADMINISTRATIVE
COSTS. (Replaces EFFICIENCY IN
ADMINISTRATION REPORT.)
Sets certain limits on administrative
costs for districts in five size
groupings and provides for deductions
from tier one allotments or payments by a
district for exceeding limits.

EFFICIENCY IN ADMINISTRATION REPORT.
Maintains current law except eliminates
the provision that the study on
efficiency in administration is an
element in the accountable costs studies;
see Section 16.2551 for provision very
similar to 16.205 in senate bill.

Substantially adopts senate version.

Sec. 16.206. COST ADJUSTMENTS.
Repealed.

Same.

SUBCHAPTER G. FINANCING THE PROGRAM

Sec. 16.251. FINANCING; GENERAL RULE.
Changes references to county education
districts to school districts.

Clarifies the components of the
Foundation School Program. Changes
references to county education districts

Adopts house version.

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ACTION TAKEN

Sec. 16.252. LOCAL SHARE OF PROGRAM COSTS (TIER ONE).

Makes conforming changes. Changes references to county education districts to school districts; establishes \$0.90 tax rate to determine the local share of the Foundation School Program's costs.

Sec. 16.254. DISTRIBUTION OF FOUNDATION SCHOOL FUND.

(a) For each school year the commissioner is to determine the amount of money to which a school district is entitled under tiers one and two, the amount of each district's available school fund distribution, and the amount of each district's tiers one and two local shares.

(b) Requires the commissioner to base determinations under Subsection (a) on the estimates provided to the legislature under Sec. 16.2541 or different estimates provided by the General Appropriations Act.

to school districts.

Makes conforming changes. Changes references to county education districts to school districts. Establishes an \$0.86 effective tax rate to determine the local share of the Foundation School Program costs. Requires district to raise its total local share to be eligible for foundation school funds; provides that adjustments in taxable value by commissioner under this section shall be used in identifying districts with excessive wealth per student under Sec. 36.004.

(a) Provides that the commissioner of education will determine before September 1 of each odd-numbered year the amount necessary to operate the Foundation School Program, the amount of local funds required of each school district, and the amount of state available school funds to be provided.

(b) Requires the commissioner to base determinations under Subsection (a) on the estimate required by Sec. 16.2541.

Adopts house version.

Adopts senate version of Sec. 16.254 except Subsection (d) is modified to limit warrants to amount appropriated and Subsection (e) omits \$0.10 sliding scale.

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(c) Provides that each school district is entitled to an amount equal to the difference for that district between the sum of Subsections (a)(1) and (a)(2) (tiers 1 and 2 entitlements) and the sum of Subsections (a)(3), (a)(4), and (a)(5) (available school funds and tiers 1 and 2 local share).

(d) Requires the commissioner to approve warrants to each school district equaling the amount of its entitlement except as provided by this section. Requires warrants for all money expended according to this chapter to be approved and transmitted to the treasurers or depositories of school districts in the same manner that warrants for state payments are transmitted.

(e) Requires the commissioner to recompute the amount to which the district is entitled under Subsection (c) if a school district's tax rate is less than the limit authorized under this subsection. Establishes the method for determining a district's entitlement based on taxable value of property per WADA in comparison with the state average: a district with average wealth is limited to funding based on its tax rate in final year of preceding biennium; a district with below-average wealth is entitled to funding on a sliding scale up

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(c) Provides that the commissioner will notify each district of the initial amount of its entitlement of foundation school funds, which will be the difference between Subdivision (1) (amount necessary to operate Foundation School Program) and the sum of Subdivisions (2) and (3) (available school fund and local fund assignment share) of Subsection (a).

(d) Similar provision, with a reference to initial entitlement.

(e) Similar to senate version except entitles district with zero value of taxable property per WADA to an amount under this section not exceeding the amount to which the district is entitled at the district's tax rate for the current year and provides for a proportionately lower limit for other poor districts; no provision for a reserve account.

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to \$0.10 over that year's tax rate. Requires the commissioner to recompute the amount to which a district is entitled to the extent necessary under this section. Requires the commissioner to approve warrants to the school in the amount that results from the new computation. Requires an amount equal to the differences between the initial allocation and the amount of the warrants to be transferred to a special account in the foundation school fund known as the reserve account.

(f) Establishes the use for the funds transferred to the reserve account. Requires the commissioner to certify the amount of the difference between the amount in the reserve account and the amount of certain increases for the second year of state fiscal biennium to the foundation school fund budget committee not later than January 1 of the second year of the biennium. Requires the committee to propose to the legislature that the certified amount be transferred to the foundation school fund from the economic stabilization fund and appropriated for the purpose of increases in allocations under Subsection (h).

(g) Authorizes the commissioner to adjust funding to a district in a school year to the extent that funds are available, including funds in the reserve account, if the district demonstrates

(f) Requires commissioner to compute adjusted entitlements to school districts as data becomes available throughout fiscal year. Requires commissioner to inform each district of amount of difference between adjusted and initial entitlement.

(g) Requires commissioner to increase or reduce amount of state aid warrants for current year to a school district by amount of difference between adjusted and initial entitlement, not to exceed funds

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that the estimate of the district's tax rate, student enrollment, or taxable value of property used in determining state funds to which the district is entitled is so inaccurate as to result in undue financial hardship to the district. Prohibits the funds in the reserve account from being so used until any reserve funds have been used for purposes of Subsection (f).

(h) If the legislature fails to enact the transfer and appropriation under Subsection (f) and there are not funds available under Subsection (j), requires the commissioner to reduce the total amount of state funds allocated to each district by a method under which the application of the same number of cents of increase in tax rate in all districts applied to the taxable value of property of each district results in a total levy equal to the total reduction. Provides that the following fiscal year, a district's entitlement under this section is increased by an amount equal to the reduction made under this subsection. (See house version Subsection (i).)

(i) Requires the commissioner by March 1 of each year to determine the actual amount of state funds to which each school district is entitled and to compare that amount with the amount of the warrants issued to each district for that year. Requires the commissioner to

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appropriated for current fiscal year.

(h) Requires commissioner to determine if amount appropriated for foundation school fund purposes will be sufficient to satisfy all estimated payments for second year of state fiscal biennium and, if not, the commissioner is required to certify that amount to the foundation school fund budget committee. The committee shall recommend that the legislature transfer that amount from the economic stabilization fund and other sources to the foundation school fund. (See senate version Subsection (f).)

(i) If the legislature fails to enact a transfer and appropriation or to appropriate additional funds, requires commissioner to reduce total tier 1 allotments to each district so that the amount of state aid for current year and adjustments for prior years equal amount

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adjust the district's entitlement for the next fiscal year if the amount of the warrants differs from the amount to which a district is entitled for certain other considerations.

(j) Authorizes the legislature to appropriate funds necessary for increases under Subsection (i) from funds that the comptroller finds are available.

(k) Requires the commissioner to compute the amount by which a district's allocation of state funds is increased or reduced under Subsection (i) and certify that amount to the district.

(l) Requires the commissioner to compute the amount by which a district's total revenue is reduced from one school year to the next because of a change in the method of finance. Requires the commissioner to certify the amount of the reduction to the district for use in determining the district's rollback tax rate.

(m) Establishes that WADA is calculated in the manner provided by Section 16.302.

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of foundation school funds available and so each district's share of reduction is equal to district's share of taxable value of property and adjust warrants accordingly. Provides for increasing a district's allotments by the amount of the reduction in the following fiscal year. (See senate version Subsection (h).)

(j) Provides that if the legislature appropriates any of funds required under Subsection (h), the commissioner shall increase warrants to districts immediately.

Authorizes commissioner to adjust a district's current year entitlements if district is egregiously harmed or benefitted by computation error in initial entitlement, including estimates under Section 16.2541. (See senate version Subsection (g).)

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Repeals current Subsections (b)-(e).

Sec. 16.2541. ESTIMATES REQUIRED.

(a) Requires that estimates of tax rates, student enrollment, and property values be submitted by the Central Education Agency and the comptroller by October 1 of each even-numbered year.

(b) Requires the Central Education Agency and the comptroller to update the information provided under Subsection (a) by March 1 of each odd-numbered year.

Sec. 16.255. FALSIFICATION OF RECORDS; REPORT.

Retains current law.

See very similar provision added in Section 16.205.

Repeals current Sections (d) and (e).

(a) Same, except does not include a reference to estimate of tax rate.

(b) Same.

Same.

Sec. 16.2551. LIMIT ON ADMINISTRATIVE COSTS.

Establishes administrative costs limits by authorizing the commissioner to determine an administrative cost ratio of school districts annually. One administrative cost ratio will be set for districts with 1,600 students or fewer, and another for districts with more than 1,600 students. The commissioner may consider adjustments for sparse districts and students with special needs. If a district exceeds the ratio, the amount by which the district exceeded the ratio will be deducted from the district's tier one allotments or will be paid by the district.

Adopts senate version as Sec. 16.205.

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Sec. 16.256. FOUNDATION SCHOOL FUND
BUDGET COMMITTEE.

(a) Same.

(a) Makes a nonsubstantive change.

(b) Requires the budget committee to determine and certify to the comptroller an amount of money to be placed in the foundation school fund for the succeeding biennium on or before December 1, rather than November 1, before each regular session.

(b) Makes nonsubstantive change.

(f) Eliminates reference to 1992 and changes from November to December date for reporting equalized funding elements.

(f) Eliminates reference to 1992.

(g) Deletes transition provision.

(g) Same.

Sec. 16.258. EFFECT OF APPRAISAL APPEAL.
Maintains current law.

Same.

Sec. 16.260. FOUNDATION SCHOOL FUND
TRANSFERS.

Same.

(c) and (d) Clarifying changes.

SUBCHAPTER H. GUARANTEED YIELD
PROGRAM (TIER TWO)

Sec. 16.301. PURPOSE.
Maintains current law.

Same.

Sec. 16.302. ALLOTMENT.

(a) Changes structure of guaranteed yield for tier two. Provides that for each WADA, each district is guaranteed a specified amount in state and local funds

Maintains basic structure of current guaranteed yield for tier two. Establishes \$22 as the guaranteed level of state and local funds per WADA per cent of tax effort. Eliminates language

Adopts house version, except guaranteed yield is \$20.55.

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for each cent of tax effort over the tax effort required for tier one local fund assignment under Sec. 16.252 up to the maximum level specified in this subchapter. Provides that for each cent of tax effort under this section up to 30 cents, a district is entitled to an amount equal to \$20 per WADA. Establishes the formula for determining the amount per WADA a district is entitled to for each incremental cent of tax effort greater than 30 cents and up to 60 cents. Repeals current formula for determining state support and references to county education districts.

Current Subsection (b) repealed. Added Subsection (b) contains WADA definition.

(c) Authorizes the funding elements provided by this section to be increased by the foundation school fund budget committee or modified by appropriation.

Sec. 16.303. LOCAL SHARE OF PROGRAM COST (TIER TWO). Establishes the formula for determining each school district's local share of program costs under this subchapter. Repeals limitations on enrichment and facilities tax rate.

Sec. 16.304. COMPUTATION OF AID FOR DISTRICT ON MILITARY RESERVATION OR AT STATE SCHOOL. Maintains current law.

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regarding the guaranteed yield amount in specific school years. Clarifies the definition of the district enrichment and facilities tax rate. Changes reference from career ladder to teacher compensation. Repeals references to the county education districts.

(b) Repealed.

No similar provision.

LIMITATION ON ENRICHMENT AND FACILITIES TAX RATE.

Provides that the enrichment and facilities tax rate may not exceed \$0.42.

Same.

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Adopts house version, except enrichment and facilities tax rate may not exceed \$0.64.

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SUBCHAPTER I. CAPITAL OUTLAY AND DEBT
SERVICE

Sec. 16.401. INVENTORY OF SCHOOL
FACILITIES.
Maintains current law.

Same.

Sec. 16.402. STANDARDS.
Maintains current law.

Same.

Sec. 16.403. ADVISORY COMMITTEE.
Maintains current law.

Same.

Repeals existing Subchapter J (County
Education District Distributions).

Same.

SECTION 2. Amends Sec. 11.86(a),
Education Code, to eliminate references
to CEDs.

SECTION 4.01. Same as senate version,
but also provides for adjustments in the
value study to account for school
district boundary changes under Chapter
36, Education Code, and provides that
school tax abatements made on or after
May 31, 1993, are not included in school
district tax base reductions under the
study.

SECTION 4.01. Adopts house version.

SECTION 3. Amends Sec. 14.063(b) and
(e), Education Code, as follows:

SECTION 2.02. Substantially the same as
senate version.

SECTION 2.02. Adopts house version.

(b) Provides that each school district
is entitled to an annual technology
allotment equal to its unadjusted ADA
multiplied by \$30 or a greater amount
provided by appropriation. Deletes a
schedule of allotment rates for various
school years.

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(e) Makes conforming changes.

SECTION 4. Amends Subchapter B, Chapter 19, Education Code, by adding Sec. 19.028 as follows:

No similar provision.

SECTION 1.01(part). Adopts modification of senate version as Subchapter G, Chapter 36, Education Code, providing for detachment and annexation of property among certain school districts to achieve targeted range of taxable wealth per WADA.

Sec. 19.028. DETACHMENT AND ANNEXATION TO REDUCE VARIATIONS IN PROPERTY VALUE.

(a) To the extent necessary to reduce variations in property value per student among school districts, requires the commissioner, with the approval of the foundation school fund budget committee, to order the detachment of property from and the annexation of property to school districts. Provides that a detachment and annexation of real property applies to taxable personal property having taxable situs in the same location. Provides rules for detachment and annexation of portions of a property.

(b) Authorizes the commissioner to detach and annex property only under certain conditions including limiting detachment to districts with taxable property per WADA in excess of \$280,000, and limits the types of property that may be detached and annexed.

(c) Limits detachment of property to allow districts to maintain certain

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revenue levels.

(d) Requires the commissioner to consider the likelihood that property would need to be transferred again.

(e) Establishes priorities among school districts for annexing property.

(f) Establishes procedure commissioner and foundation school fund budget committee are to follow in making detachment and annexation determinations; establishes deadlines and notice requirements.

(g) Provides that a decision or determination of the commissioner or the committee is final and not appealable. Provides that other detachment or annexation actions under Chapter 19, Education Code, do not affect a decision of the commissioner under this section. Provides that the Administrative Procedure and Texas Register Act does not apply to a decision of the commissioner or the committee under this section.

(h) Provides for subsequent detachments and annexations to maintain taxable value levels of property in certain affected districts.

(i) Provides when detachment and annexation takes effect for school funding and tax purposes.

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(j) For school attendance purposes, provides for residency of a student residing in area of detached property and makes related state fund allocations.

(k) Addresses authority of districts concerning bond taxes on transferred property and directs commissioner to consider bond taxes in annexation determinations.

(l) Requires chief appraisers to cooperate with the commissioner.

(m) Requires a school district, on request, to send certain tax information to certain persons.

(n) Provides that a school tax abatement agreement applies to the taxation of the property in the district to which the property is annexed.

(o) Defines WADA for this section and provides that the taxable value of property is determined as provided by Section 11.86.

SECTION 5. Amends Subchapter I, Chapter 19, Education Code, by adding Section 19.202, to authorize certain school districts to adjust their boundaries by agreement, subject to approval by the commissioner.

See generally similar provision in SECTION 1.01 of house version, new Chapter 36, Subchapter C, Education Code.

See SECTION 1.01, adding new Subchapter C, Chapter 36, Education Code.

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SECTION 6. Amends Section 20.09, Education Code, as follows:

Sec. 20.09. TAX LIMITATIONS.

(a) Prohibits a school district from imposing a maintenance and operations tax rate that exceeds \$1.50.

Deletes tax rate schedule for specific years.

(b) Substitutes school district tier one taxes for CED taxes. Deletes existing Subsections (c) and (d).

SECTION 7. Amends Sec. 20.86(b), Education Code. Makes conforming changes.

SECTION 8. Amends Sec. 20.88, Education Code. Makes conforming changes.

SECTION 9. Amends Sec. 21.032(c), Education Code, to require a student enrolled in a public school district, unless specifically exempted, to attend an extended year program or certain tutorial classes. Requires a district to provide related transportation services. Makes conforming changes. Provides for promotion of a student who attends at least 85 percent of the program days of a program under this section and makes other provisions relating to student promotion.

SECTION 2.03. Amends Secs. 20.09(a) and (b), Education Code, as follows:

(a) Prohibits a school district from imposing a total tax rate that exceeds \$1.50 without voter approval. Deletes tax rate schedule for specific years.

(b) Substitutes school district taxes for CED taxes.

No similar provision.

No similar provision.

SECTION 3.03. Amends Section 21.032(c), Education Code, to require an eligible student to attend an extended year program for students not likely to be promoted. Requires a district to provide related transportation services.

SECTION 2.03. Substantially adopts house version.

Adopts house version.

Adopts house version.

SECTION 3.01. Adopts house version, but omits reference to students covered.

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SECTION 10. Amends Sec. 21.502, Education Code, to amend the definition of "special teaching" to include mainstream settings.

No similar provision.

SECTION 3.02. Adopts senate version.

SECTION 11. Amends Sec. 21.506(b), Education Code, to make conforming changes.

No similar provision.

SECTION 3.03. Adopts senate version.

SECTION 12. Amends Subchapter N, Chapter 21, Education Code, by adding Section 21.513 as follows:

No similar provision.

Adopts house version.

Sec. 21.513. PILOT PROGRAM FOR INCLUSION.

Requires the Central Education Agency to establish procedures and criteria for the allocation of certain special education funds to establish a pilot program for the inclusion of students with disabilities in the regular classroom.

SECTION 13. Amends Subchapter O, Chapter 21, Education Code, by adding Sec. 21.562 as follows:

SECTION 3.02. Adds similar Sec. 21.562. OPTIONAL EXTENDED YEAR PROGRAM.

SECTION 3.04. Adopts senate version in substance as Sec. 21.562. STATE-FUNDED OPTIONAL EXTENDED YEAR PROGRAM.

Sec. 21.562. OPTIONAL EXTENDED YEAR PROGRAM.

(a) Authorizes a school district with commissioner approval to provide an extended year program for up to 30 days for students in kindergarten through grade eight who are identified as likely not to be promoted.

(a) Similar to senate version except program may be up to 45 days long.

SECTION 3.04. Adopts house version in substance as Sec. 21.563. OPTIONAL EXTENDED YEAR PROGRAM, and provides that funds appropriated for Section 21.562 aren't eligible to fund programs under Section 21.563.

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(b) Authorizes the commissioner to adopt related rules.

(c) Prohibits a district from enrolling more than 12 students in an extended year program class.

(d) Requires each class to be taught by a qualified teacher.

(e) Requires a student who attends at least 85 percent of the program days of a program to be promoted and makes other provisions relating to student promotion.

(f) Requires a school district that provides a program under this section to adopt a policy to reduce and eliminate student retention.

(g) Limits programs to pilot programs in the next two years. Prohibits the state share of a pilot program from exceeding the amount appropriated for program purposes. Authorizes pilot program funds to be used for related transportation. Provides that this subsection expires September 1, 1995.

SECTION 14. Amends Sec. 1.04(12), Tax Code, by removing county education districts (CEDs) from the definition of "taxing unit."

(b) Allows regular school year to be shortened to allow for extended year program funds.

(c) Same as senate version (b).

SECTION 4.04. Same as senate version.

SECTION 4.04. Adopts senate version.

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SECTION 15. Amends Sec. 6.02, Tax Code, by amending Subsections (b) and (f), and adding Subsection (g), as follows:

(b) Provides that the choice of a school district to participate in a single appraisal district does not apply to property annexed to the school district under Sec. 19.028, Education Code, unless the school district taxes other property in the same county as the annexed property, or the annexed property is contiguous to other property in the school district.

(f) Provides that all costs of operating an appraisal district in territory outside the county for which the appraisal district is established are allocated to the taxing units for which the appraisal district appraises property in that territory. Makes conforming changes.

(g) Requires the appraisal district established for a county to which property is annexed under Sec. 19.028, Education Code, to appraise the property for the school district. Provides that the school district participates in that appraisal district for purposes of the appraisal of that property, except as otherwise permitted by Subsection (b).

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SECTION 4.05. Amends same sections as senate version as follows:

(b) Same as senate version for property annexed to a school district by agreement under Subchapter C, Chapter 36, Education Code.

(f) Same as senate version.

(g) Substantially the same as senate version for property annexed under Subchapter C, Chapter 36, Education Code.

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SECTION 4.05. Amends same sections as senate version as follows:

(b) Adopts senate version for property annexed to a school district under Subchapter C or G, Chapter 36, Education Code.

(f) Adopts senate version.

(g) Adopts senate version in substance for property annexed under Subchapter C or G, Chapter 36, Education Code.

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|---|---|--|
| SECTION 16. Amends Sec. 6.03, Tax Code, by amending Subsections (c) through (e) and adding Subsection (m) as follows: (c)-(e) removes references to CEDs. (m) Provides an exception to Subsection (a) relating to the eligibility of a person for appointment to the board of directors of an appraisal district. | SECTION 4.06. Amends Secs. 6.03(c) through (e), Tax Code, as follows: (c)-(e) same as senate version. No similar provision. | SECTION 4.06. Adopts modified senate version. |
| SECTION 17. Amends Sections 6.06(d) and (h), Tax Code, to remove CED references and provisions. | SECTION 4.07. Same as senate version. | SECTION 4.07. Adopts senate version. |
| SECTION 18. Amends Sections 11.13(d), (e), (m), and (n), Tax Code, to remove CED provisions. | SECTION 4.08. Same as senate version. | SECTION 4.08. Adopts senate version. |
| SECTION 19. Amends Sections 11.14(c) and (e), Tax Code, to remove CED provisions. | SECTION 4.09. Same as senate version. | SECTION 4.09. Adopts senate version. |
| SECTION 20. Amends Section 21.01, Tax Code, to make conforming amendment relating to detachments and annexations under Section 19.028, Education Code. | SECTION 4.10. Amends Sec. 21.01, Tax Code, to make similar conforming amendment as senate version for voluntary detachments and annexations under Subchapter C, Chapter 36, Education Code. | SECTION 4.10. Adopts senate version for Chapter 36, Education Code, changes in school district territory. |
| SECTION 21. Amends Section 21.02, Tax Code, as follows: (a) Makes conforming changes. (b) Provides for the taxation of personal property having taxable situs on | No similar provision. | SECTION 4.11. Adopts modified senate version for Chapter 36, Education Code, changes in school district territory. |

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detached and annexed real property.

SECTION 22. Amends Section 25.25, Tax Code, by adding Subsection (h) to require the chief appraiser to change the appraisal records and rolls promptly to reflect the detachment and annexation of property among school districts.

SECTION 23. Amends Section 26.08, Tax Code, by adding Subsections (k), (l), and (m), to provide certain limits on voters' ability to petition for school district tax rollback elections and limit tax rates.

SECTION 24. Amends Section 317.005(f), Government Code, by making a conforming change.

SECTION 25. Amends Subchapter E, Chapter 825, Government Code, by adding Section 825.4051, as follows:

Sec. 825.4051. CONTRIBUTIONS BY CERTAIN SCHOOL DISTRICTS.

(a) Requires a school district with a taxable value of property greater than \$280,000 per student in WADA or an amount provided by appropriation to pay the state contributions to the teacher retirement system for employees of the district.

(b) Provides that the state guarantees a

SECTION 4.11. Same as senate version for voluntary detachments and annexations.

SECTION 2.04. Amends Section 26.08, Tax Code, to redefine the rollback tax rate for school districts based on total state and local funds, make election automatic if rollback rate exceeded, and apply rollback limit to current year rather than to following year as in current law.

SECTION 4.03. Same as senate version.

No similar provision.

SECTION 4.12. Adopts senate version for Chapter 36, Education Code, detachments and annexations.

SECTION 2.04. Adopts house version.

SECTION 4.03. Adopts senate version.

Adopts house version.

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district's payment of the district's obligation to the retirement system and may take action to enforce that obligation.

(c) Requires a district to pay the state contributions to the greatest extent that permits the district, by imposing a tax rate of \$1.50, to have available the same amount of revenue per student in WADA for maintenance and operation of the district, excluding certain reserves, that the district spent in the 1992-1993 school year.

(d) Provides that a determination of the commissioner under this section is final and not appealable and that the Administrative Procedure and Texas Register Act does not apply.

(e) Provides for the calculation of WADA.

SECTION 26. Repeals the following provisions relating to county education districts:

(1) Section 1.05 and Subchapter G, Chapter 20, Education Code; and

(2) Sections 6.061(f), 26.12(e), and 312.002(e), Tax Code.

SECTION 4.12. Same.

SECTION 4.13. Adopts senate version.

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SECTION 27. Provides special dates for the commissioner to make determinations and notify affected school districts relating to detachment and annexation of property under Section 19.028, Education Code, for the 1993-1994 school year.

No similar provision.

Adopts house version.

SECTION 28. Provides that, in case of a conflict, the funding provisions for an optional extended year program as provided by this Act control over any other funding provisions for the program enacted by the 73rd Legislature during its regular session.

No similar provision.

SECTION 2.05. Adopts senate version.

SECTION 29. Requires certain foundation school program determinations to be made based on estimates provided by the Legislative Budget Board model run, number ____.

No similar provision.

SECTION 2.06. (a) Adopts senate version as modified to include model run number.

SECTION 30. Abolishes CEDs effective September 1, 1993.

SECTION 4.13. Same as senate version.

SECTION 4.14. Adopts senate version.

SECTION 31. Provides for the transfer of funds, assets, records, contracts, and liabilities of CEDs and for treatment of delinquent CED taxes.

SECTION 4.14. Same as senate version, except makes special provision for certain penalties.

SECTION 4.15. Adopts house version.

SECTION 32. Provides that this Act applies to taxes imposed on or after January 1, 1993. Provides that changes in the funding of public schools and compensation of school district personnel made by this Act apply beginning with the 1993-1994 school year.

SECTION 9.01. Provides effective dates for certain provisions of House Version, provides that certain school funding and school program changes apply beginning with the 1993-1994 school year, and that this Act applies to taxes imposed on or after January 1, 1993.

SECTIONS 1.05, 2.08, 3.06, 4.16, 5.02, 6.04, 7.14, 8.37, and 9.01 provide effective dates to conform to adoption of house and senate versions.

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SECTION 33. Provides that property may be detached under new Section 19.028, Education Code, from a school district only to the extent that the total amount of taxes per WADA that the district can impose for M&O at an effective tax rate of \$1.25 after detachment is not less than the amount of taxes per WADA spent by the district in the 1992-93 school year for M&O, not including reserves for facilities. Provides that this section expires August 31, 1994.

SECTION 34. Emergency clause for immediate effect.

No similar provision except as indicated:

SECTION 9.02. Provides for implementation of provisions relating to school district administrative costs and district report cards.

See generally similar provisions in Sections 36.002(b)-(d), Education Code, as added by SECTION 1.01.

SECTION 9.03. Emergency clause for Act to take effect according to its terms.

ARTICLE 1

SECTION 1.01. Adds Chapter 36 to Title 2, Education Code, as follows:

Chapter 36. Equalized Wealth Level Subchapter A. General Provisions

Sec. 36.001. DEFINITIONS. Defines "equalized wealth level," "wealth per student," and "weighted average daily attendance" (WADA).

Adopts house version with modifications in Sections 36.002(b)-(c), Education Code, as added by SECTION 1.01.

SECTION 9.02. Adopts house version.

SECTION 1.01. Adopts house version with modifications, including those indicated:

Modifies WADA definition.

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Sec. 36.002. EQUALIZED WEALTH LEVEL.

(a) Except as provided under Subsection (b), (c), or (d), a school district may not have a wealth per student that exceeds \$280,000.

(b) Provides an exception for 1993-94 school year.

(c) Provides an exception for 1994-95 school year.

(d) Provides an exception for 1995-96 and subsequent years.

(e) Defines effective tax rate.

Sec. 36.003. OPTIONS TO ACHIEVE EQUALIZED WEALTH LEVEL.

A school district with a wealth per student that exceeds the equalized wealth level may take any combination of the following actions to achieve the equalized level:

- (1) consolidate by agreement
- (2) detachment and annexation by agreement
- (3) purchase of attendance credit
- (4) contract for education of nonresident students
- (5) tax base consolidation

(b) Modifies the tax rate provided by the exception.

(c) Combines the exceptions provided by Subsections (c) and (d), with modifications.

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Sec. 36.004. ANNUAL REVIEW OF PROPERTY WEALTH.

(a) By July 15 of each year the commissioner of education shall review and notify a school district if its wealth per student exceeds the equalized wealth level, and notify other school districts of possible consolidation.

(b) If before the following September 1 the district has not chosen one of the five options, the commissioner shall order the consolidation of the district with one or more other districts as provided by Subchapter G.

(c) A school district notified under Subsection (a) may not adopt a tax rate for the tax year in which the district receives the notice until the commissioner makes certain certifications.

(d) Consolidation or detachment and annexation of property is effective for foundation school program funding purposes for the school year that begins in the calendar year in which the consolidation or detachment and annexation is agreed to or ordered and applies to the ad valorem taxation of property beginning with the tax year in which the agreement or order is effective.

(b) Modifies house version to incorporate detachment and annexation of property under Subchapter G (see SECTION 4 of senate version).

(c) Makes a technical change.

(d) Makes a technical change.

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(e) The Administrative Procedure and Texas Register Act does not apply to a determination of the commissioner under this section.

(e) See similar Section 36.011(c).

Sec. 36.005. COMPTROLLER AND APPRAISAL DISTRICT COOPERATION.

The chief appraisers and the comptroller shall cooperate in implementing Chapter 36.

Sec. 36.006. RULES.

(a) The commissioner of education may adopt rules necessary for implementation of Chapter 36, including necessary adjustments.

Adopts house version with modifications.

(b) As necessary for the effective and efficient administration of Chapter 36, the commissioner may extend effective dates and time periods.

Sec. 36.007. COMMISSIONER TO APPROVE SUBSEQUENT BOUNDARY CHANGES.

Subsequent boundary changes of affected districts are subject to certification that a district will not result in excess wealth.

Sec. 36.0075. Provides for adoption of homestead exemptions by consolidated districts.

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Sec. 36.008. TAX ABATEMENT.

(a) Tax abatement agreements executed by a school district are not affected and apply to the taxation of the property covered by the agreement as if executed by the district within which the property is included.

(b) Wealth per student is determined as if any tax abatement agreement executed by a district on or after May 31, 1993, had not been executed.

Sec. 36.0085. TAX INCREMENT OBLIGATIONS. School tax increments under Chapter 311, Tax Code, are not affected by consolidation or annexation.

Sec. 36.009. CONTINGENCY.

(a) If a court finds that any of the options are invalid, a school district may choose from one of the remaining options.

(b) If a court holds invalid each of the options, the commissioner shall act under Subchapter G to achieve the equalized wealth level after 30 days' notice and a hearing.

Sec. 36.010. DATE OF ELECTIONS.

Provides for setting of date for election to approve an agreement by board within 45 days of agreement.

Adopts house version with modifications, including provision for court-ordered refunds to certain school districts.

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Sec. 36.011. TAXES PAID.
Provides consolidation or detachment and annexation does not affect certain taxes.

Provision relating to taxes paid deleted and provisions relating to appeals, orders, rules, and the nonapplicability of the Administrative Procedure and Texas Register Act are added.

Subchapter B. Consolidation by Agreement

Sec. 36.031. AGREEMENT.
The governing boards of any two or more school districts may consolidate the districts by agreement to establish a consolidated district with a wealth per student equal to or less than the equalized wealth level, subject to commissioner certification.

Sec. 36.032. GOVERNING LAW.
Except as modified by the agreement, the consolidated district is governed by applicable provisions of Subchapter C, Chapter 19. The agreement may not be inconsistent with Subchapter B, Chapter 36.

Adds provision relating to contiguity.

Sec. 36.033. GOVERNANCE PLAN.
The agreement among consolidating districts may preserve community-based and site-based decision making, including delegating powers of the governing board other than levying a tax. The governance plan may provide for a transitional board for the first year, but the second year the board must be elected from within the consolidated boundary from single-member districts.

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Sec. 36.034. INCENTIVE AID.

(a) For the first and second years after voluntary consolidation, districts shall receive continued cost of education, small district, and sparsity adjustments for the component districts.

(b) Districts receiving funds under this section are not entitled to incentive aid under Subchapter G, Chapter 23.

Subchapter C. Detachment and Annexation by Agreement

Sec. 36.061. AGREEMENT.

By the agreement of the governing boards of any two school districts, territory may be detached from one district and attached to the other district so that the wealth per student of each district is equal to or less than the equalized wealth level. This agreement is valid when certified by the commissioner of education.

Makes modification to address the wealth per student of the district to which territory is annexed.

Sec. 36.062. GOVERNING LAW.

Except as outlined in this subchapter, detachment and annexations are governed by Chapter 19.

Adds a provision relating to contiguity.

Sec. 36.063. ALLOCATION OF APPRAISED VALUE OF DIVIDED UNIT.

Provides for appraisal and taxable value allocations of property in multiple school districts.

See generally similar provision in SECTION 5 of Senate Version, new Sec. 19.202, Education Code.

Sec. 36.064. ALLOCATION OF INDEBTEDNESS.
Allows annexation agreement to allocate to the receiving district indebtedness from the other district.

Sec. 36.065. NOTICE.
The districts shall notify affected property owners and the appropriate appraisal district.

**Subchapter D. Purchase of
Attendance Credit**

Sec. 36.091. AGREEMENT.
A school district with a wealth per student that exceeds the equalized wealth level may execute an agreement with the commissioner of education to purchase attendance credits in order to bring the wealth per student equal to or less than the equalized wealth level.

Sec. 36.092. CREDIT.
One credit equals an increase by one student in weighted average daily attendance to determine whether the district exceeds the equalized wealth level. Credits are not used in determining a school district's scholastic population, average daily attendance, or weighted average daily attendance for purposes of Chapter 15 or 16.

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Sec. 36.093. COST.

The cost of a credit equals the district's total tax revenue per weighted student in average daily attendance.

Makes modification in definition.

Sec. 36.094. PAYMENT.

A payment schedule for credits is set by the commissioner of education, with all payments being made not later than the next February 15. Credit payments are deposited in the state treasury to the credit of the foundation school fund.

Modification allowing for receipts to be used only for foundation school program purposes.

Sec. 36.095. DURATION.

An agreement is valid for one year with voter approval and may be renewed annually.

Sec. 36.096. VOTER APPROVAL.

(a) The board of trustees shall hold an election to obtain voter approval of the agreement.

(b) Ballot language.

(c) The agreement is ratified if a majority votes to approve it. The board has continuing authority to execute agreements on behalf of the district without further voter approval.

Subchapter E. Contract for
Education of Nonresident Students

Sec. 36.121. AGREEMENT.

The board of trustees of a district with wealth per student that exceeds the equalized wealth level may agree to educate students of another district until the weighted average daily attendance of the students served reduces the district's wealth per student to an amount that is equal to or less than the equalized wealth level. The agreement is valid when certified by the commissioner of education to meet certain standards.

Sec. 36.122. VOTER APPROVAL.

(a) The board of trustees shall hold an election to obtain voter approval of the agreement.

(b) Ballot language.

(c) The agreement is ratified if a majority votes to approve it. Upon approval, the board has continuing authority to execute agreements under this subchapter without further voter approval.

Sec. 36.123. WADA COUNT.

For the purposes of Chapter 16, the students are counted only in the weighted average daily attendance of the district providing the services.

Subchapter F. Tax Base Consolidation

Sec. 36.151. AGREEMENT.

The board of trustees of two or more districts may agree to conduct an election on the creation of a consolidated taxing district for the maintenance and operation of the component school districts. The agreement is subject to commissioner of education certification that the consolidated taxing district has a wealth per student equal to or less than the equalized wealth level.

Sec. 36.152. DATE OF ELECTION.

The agreement must provide for the ordering of an election to be held on the same date in each district.

Sec. 36.153. PROPOSITION.

(a) Ballot language.

(b) Provides for the tax rate in the proposition.

Sec. 36.154. APPROVAL.

If the proposition receives a favorable vote of the majority of the votes cast within each participating school district, it is approved.

Sec. 36.155. CONSOLIDATED TAXING DISTRICT.

A consolidated taxing district is a school district established for the purpose of exercising taxing power authorized by Article VII, Section 3, of

the Texas Constitution and distributing the revenue to its component school districts.

Sec. 36.156. GOVERNANCE.

(a) The consolidated taxing district is governed by the boards of the component school districts meeting jointly.

(b) Action taken by the joint board must be approved by a majority of each component district's board.

Sec. 36.157. MAINTENANCE TAX.

(a) The joint board levies a maintenance tax for the component districts by September 1 of each year or as soon thereafter as practicable.

(b) Each component district is responsible for the costs of assessing and collecting taxes in proportion to the component's share of WADA in the consolidated taxing district.

(c) A component district may not levy its own taxes for M&O.

(d) A consolidated taxing district may levy a maintenance tax rate that exceeds \$1.50 to pay certain obligations made prior to May 12, 1993.

Sec. 36.158. REVENUE DISTRIBUTION.

Maintenance tax revenue is distributed based on the WADA in the component

districts.

Sec. 36.159. TAXES OF COMPONENT DISTRICTS.

(a) The governing board of a component school district of a taxing district that has consolidated for maintenance and operations may continue to levy its own bond taxes.

(b) A component district levying a bond tax is entitled to the guaranteed yield for that portion of its tax rate that when added to the consolidated district's tax rate does not exceed the limitations established by Sec. 16.303, the guaranteed yield program.

Sec. 36.160. OPTIONAL TOTAL TAX BASE CONSOLIDATION.

(a) An agreement for tax base consolidation may provide for total tax base consolidation instead of consolidation for maintenance and operation only.

(b) Under an agreement for total tax base consolidation:

(1) the component districts may not levy maintenance or bond taxes, except to retire bonds or other obligations issued before the effective date of consolidation; and

(2) the joint board may issue bonds and levy, pledge, and collect

(b) Adds taxing authority language to ballot proposition.

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ad valorem taxes to pay the principal of and interest on bonds and issue refunding bonds, as provided by Chapter 20 for independent school districts. The ballot language must so state.

(c) An agreement for total tax base consolidation may provide for the consolidated taxing district to assume all of the indebtedness of all component districts. The ballot language must so state.

**Subchapter G. Consolidation by
Commissioner of Education**

Sec. 36.181. COMMISSIONER ORDER.
If the commissioner is required to order consolidation of districts, the order shall be effective on a date determined by the commissioner, but not later than the earliest practicable date after November 1.

Sec. 36.182. SELECTION CRITERIA.
(a) The commissioner shall select one or more districts with a wealth per student that, when consolidated with a district that has a property wealth greater than the equalized wealth, will result in a consolidated district with a wealth per student equal to or less than the equalized wealth level. Consolidation priority list:

(1) the contiguous district that

(c) Adds taxing authority language to ballot proposition.

Adopts house version with modifications as Subchapter H.

Adopts house version as Sec. 36.251 with modification in effective date of order.

Adopts house version as Sec. 36.252.

No similar provision.

No similar provision.

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has the lowest wealth per student and is located in the same county;
(2) to the district that has the lowest wealth per student and located in the same county;
(3) to a contiguous district with a property wealth below the equalized wealth level that has requested the commissioner to consider it for consolidation;
(4) to include as few districts as possible that fall below the equalized wealth level within the consolidation order that have not requested the commissioner to be included;
(5) to the district that has the lowest wealth per student and is located in the same regional education service center area;
(6) to a district that has a tax rate similar to that of the district that has a property wealth greater than the equalized wealth level.

(b) In consolidating districts, the commissioner may not select a district that has been created as a result of consolidation by agreement.

(c) If more than two districts are consolidated, the commissioner shall select the subsequent district(s) to be consolidated by treating the district that has property wealth greater than the

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No similar provision.

equalized level and the districts previously selected for consolidation as one.

Sec. 36.183. PROCEDURE.

(a) A decision of the commissioner is appealable under Sec. 11.13(c), Education Code.

Adopts house version, with conforming change, as Sec. 36.011.

(b) Commissioner's orders have an immediate effect and may not be stayed or enjoined pending appeal.

(c) The Administrative Procedure and Texas Register Act does not apply to a commissioner's consolidation decision.

(d) The secretary of state, on request of the commissioner, shall publish rules adopted for consolidation.

No similar provision.

Sec. 36.184. GOVERNANCE.

(a) A district consolidated under this subchapter is governed by a transitional board of trustees with one representative of the board of each consolidating district. If there is an even number of consolidating districts, the district with the greatest student membership is entitled to two representatives.

Adopts house version, with change in composition of transitional board, as Sec. 36.253.

(b) The transitional board shall divide the consolidated district into nine single-member trustee districts and order an election for the initial board to be

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held on the next January uniform election date.

(c) Members of the board serve staggered terms of office for four years.

(d) Sec. 19.058 applies to consolidated districts.

No similar provision.

Sec. 36.185. DISSOLUTION OF CONSOLIDATED DISTRICT.

Adopts house version as Sec. 36.254.

(a) If ad valorem taxes are abolished for public school maintenance and operation and another funding method for public education is adopted, with the approval of the majority of the board and voter approval, the board of a consolidated district may dissolve.

(b) If dissolved, former districts are restored.

(c) Title to real property of consolidated district is allocated to the restored district where the property is located.

(d) Restored districts are liable for the following:

(1) indebtedness that relates to real property allocated to the district; and

(2) a proportionate share of indebtedness that does not relate to real property.

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No similar provision.

(e) Fund balances, personal property, and indebtedness of the dissolved district are apportioned to the restored districts based on ADA.

Sec. 36.186. FUND BALANCES.
Fund balances of a consolidated school district can only be used for the benefit of the schools within the district.

Adopts house version, with clarification, as Sec. 36.255.

No similar provision.

Sec. 36.187. EMPLOYMENT CONTRACTS.
A consolidated school district must honor all employment contracts entered into by a consolidating district.

Adopts house version as Sec. 36.256.

No similar provision.

Sec. 36.188. APPLICATION OF SMALL AND SPARSE ADJUSTMENT AND TRANSPORTATION ALLOTMENT.

The consolidated district's budget must apply the benefit of the adjustment or allotment to the schools consolidating to which Sections 16.103, 16.104, and 16.156 would have applied if the consolidated district still qualifies.

Adopts house version as Sec. 36.257.

No similar provision.

SECTION 1.02. Amends Chapter 18, Education Code, to provide that no county unit system may be created after May 1, 1993. Repeals provisions relating to creations.

SECTION 1.02. Adopts house version.

No similar provision.

SECTION 1.03. This section applies to actions in 1993 to achieve equalized wealth under Chapter 36, Education Code. The commissioner shall determine wealth per student by August 30, 1993, using

SECTION 1.03 ~~and 1.04~~. Adopts house version with modifications to take into account mandatory detachments and annexations under the revised Subchapter G, and to provide reasonable

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wealth and weighted student data from the current year or the preceding year. The commissioner shall immediately notify districts to be consolidated. If on November 8, 1993, a school district has not achieved equalized wealth, the commissioner shall order consolidation.

implementation of Chapter 36, Education Code.

No similar provision.

SECTION 1.04. IDEAL SCHOOL DISTRICT COMMISSION.

Established a commission composed of five members each from the house and the senate and one person appointed by the governor. Commission will analyze standards for maximum and minimum sizes for school districts and report to the 74th Legislature.

Adopts senate version.

No similar provision.

SECTION 3.01. Adds Sec. 21.259 to Subchapter H, Chapter 21, Education Code, as follows:

SECTION 7.01 (part). Adopts house version as Sec. 35.043, Education Code.

Sec. 21.259. CAMPUS REPORT CARD.

(a) Central Education Agency is required to distribute annual campus report card comparing each campus to various standards.

(b) Specifies items report cards must include.

(c) Provides for dissemination of report cards to parents and others.

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No similar provision.

SECTION 3.04. Amends Subchapter Z, Chapter 21, Education Code, by adding Sec. 21.938 as follows:

SECTION 3.05. Adopts house version as Sec. 21.939, Education Code.

Sec. 21.938. LEGISLATIVE LOBBYIST OR LIAISON; PROHIBITION.

(a) Prohibits district from employing a person required to register under Chapter 305, Government Code.

(b) Prohibits district from employing a person whose primary duties are activities related to proposed legislation or administrative action.

(c) Provides civil penalties for school districts that violate this section.

(d) Commissioner has authority to recover penalties by reducing foundation school fund allotment.

No similar provision.

SECTION 4.02. Amends Sec. 21.588, Education Code, to provide for district's share of assessment costs.

SECTION 7.01 (part). Adopts house version as part of Sec. 35.031, Education Code.

No similar provision.

SECTION 4.02A. Adds Sec. 23.34. CONTRACTS FOR EDUCATIONAL SERVICES. to Subchapter B, Chapter 23, Education Code, to allow school boards to contract for educational services.

SECTION 4.02. Adopts house version.

No similar provision.

SECTION 4.15. Provides that other enactments by the 73rd Legislature, Regular Session, 1993, amending Chapter 16, Education Code, prevail over Chapter

SECTION 2.07. Adopts house version.

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16 as reenacted in this Act.

ARTICLE 5

No similar provision.

SECTION 5.01. Adds Sec. 13.914. LOANED TEACHERS. to Subchapter Z, Chapter 13, Education Code, as follows:

SECTION 5.01. Adopts house version.

(a) Allows school districts to enter into agreements with businesses to allow an employee of the business to teach.

(b) An agreement must state that the business pays the teacher's salary and provides the teacher's benefits and the school district supervises the teacher.

(c) Allows the commissioner to adopt guidelines and spend CEA funds to recruit such teachers.

(d) Allows the SBOE to set minimum standards and educational expertise for and provide a 1-year exemption from certification for a loaned teacher.

No similar provision.

SECTION 5.02. Adds Sec. 171.003. LOANED TEACHER CREDIT. to Chapter 171, Tax Code, to allow a corporation that provides a loaned teacher to take a related tax credit. Requires the corporation to provide related information to the comptroller.

Adopts senate version.

ARTICLE 6

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No similar provision.

SECTION 6.01. Amends Secs. 4.25(a) and (b), Education Code, making various revisions to the compulsory attendance law, including increases in fines, and providing for disposition of those fines.

SECTION 6.01. Adopts house version.

No similar provision.

SECTION 6.02. Adds Secs. 4.251 and 4.252, Education Code, as follows:

Adopts senate version.

Sec. 4.251. FAILURE TO ATTEND SCHOOL. Provides that a child commits an offense, punishable by a fine not to exceed \$500, if the child misses 5 or more days without an excuse in a 6-month period.

Sec. 4.252. PROCEEDING ON FAILURE TO ATTEND SCHOOL. Provides that a child cannot be found guilty of the above offense except in court under certain circumstances. Provides for child to be warned in certain circumstances of possible effects of conviction on child's driver's license. Requires the judge to report convictions to DPS.

No similar provision.

SECTION 6.03. Amends Sec. 21.035(g), Education Code, to make a conforming change.

Adopts senate version.

No similar provision.

SECTION 6.04. Amends Sec. 21.039(a), Education Code, to provide for attendance officer to file a complaint in the case of a violation of Section 4.251, Education Code.

Adopts senate version.

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No similar provision.

SECTION 6.05. Adds Sec. 54.043 to Chapter 54, Family Code:

Sec. 54.043. MONITORING SCHOOL ATTENDANCE. Requires the probation officer of a child to report to the court if the child is not attending school.

SECTION 6.02. Adopts house version.

No similar provision.

SECTION 6.06. Amends Sec. 4A(a), Art. 6687b, V.T.C.S., to provide for the denial of a driver's license to certain children convicted under Sec. 4.251, Education Code.

Adopts senate version.

No similar provision.

SECTION 6.07. Amends Sec. 22(b), Art. 6687b, V.T.C.S., to provide for the suspension of the driver's license of certain children convicted under Sec. 4.251, Education Code.

Adopts senate version.

No similar provisions.

SECTIONS 6.08-6.10. Makes Article 6 prospective and provides that the article takes effect Sept. 1, 1993.

SECTIONS 6.03-6.04. Adopts house version, but omits SECTION 6.08.

ARTICLE 7**ARTICLE 7**

No similar provision.

SECTION 7.01. Adds Chapter 35 to Title 2, Education Code, as follows:

SECTION 7.01. Adopts house version with modifications, including those indicated:

**CHAPTER 35. PUBLIC SCHOOL SYSTEM
ACCOUNTABILITY****SUBCHAPTER A. GENERAL PROVISIONS**

Sec. 35.001. PUBLIC EDUCATION GOALS.
Sets forth public education goals.

**SUBCHAPTER B. ASSESSMENT OF
ACADEMIC SKILLS**

Sec. 35.021. ESSENTIAL SKILLS AND KNOWLEDGE.

(a) Requires the State Board of Education to establish the essential skills and knowledge that all students should learn to achieve the goals provided.

(b) Requires the board to consider the comments of the LEB.

Sec. 35.022. ASSESSMENT PROGRAM.

(a) Requires the board to create and implement a statewide assessment program to ensure school accountability for student achievement. Requires the board to consider the importance of maintaining stability in the statewide assessment program when adopting any subsequent modification of the program.

(b) Requires the board to consider the comments of the LEB.

Sec. 35.023. ADOPTION AND ADMINISTRATION OF INSTRUMENTS.

(a) Requires the CEA to adopt criterion-referenced assessment instruments to assess competencies in certain subject areas.

(b) Requires the agency to adopt and administer secondary exit-level

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assessment instruments to assess competencies in other subject areas.

(c) Requires the board to adopt a schedule for the administration of secondary exit-level assessment instruments. Allows a pupil who did not perform satisfactorily to retake an assessment instrument.

(d) Authorizes multiple sets of questions.

(e) Requires assessment of problem-solving and complex-thinking.

(f) Provides for schedule and deadlines for inclusion of certain assessments.

(g) Allows board to adopt nationally recognized assessment instrument. Requires report on test.

(h) Requires adoption of end of course test by certain date for certain grade levels.

(i) Requires CEA to give notice of results of assessment instruments.

(j) Allows modification of section by rules. Provides additional standards for assessment instruments.

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Sec. 35.024. SATISFACTORY PERFORMANCE.

(a) Requires the board to determine the level of performance considered to be satisfactory on the assessment instruments.

(b) Requires each school district to offer a program of instruction for students who did not perform satisfactorily.

(c) Requires the agency to develop and distribute study guides for use in summer to students who do not perform satisfactorily.

Sec. 35.025. NOTATION OF PASSING EXIT-LEVEL INSTRUMENT; ISSUANCE OF DIPLOMAS TO OTHER STUDENTS.

(a) Requires statement on diploma of student performing satisfactorily on exit level assessment.

(b) Requires diploma without statement under Subsection (a) for student not performing satisfactorily on exit level assessment.

Sec. 35.025. EXIT-LEVEL PERFORMANCE REQUIRED. (a) Student may not receive high school diploma until student performs satisfactorily on certain assessment instruments.

(b) Permits student who has not earned a diploma to retake the instrument each time the instrument is administered.

(c) Authorizes issuance of diploma to student who subsequently performs satisfactorily on assessment instrument.

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Sec. 35.026. LOCAL OPTION.
Authorizes a local school district to
adopt and administer additional
assessment instruments.

Sec. 35.027. EXEMPTION.
(a) Provides exemption for student who
has physical or mental impairment or a
learning disability.

(b) Requires rules on exemption.

(c) Requires rules on dyslexic student.

Sec. 35.028. COMPARISON OF STATE RESULTS
TO NATIONAL RESULTS.
Requires the state assessment program to
obtain nationally comparative results.

Sec. 35.029. MIGRANT WORKERS.
(a) Authorizes the board to provide
alternate dates for the administration of
the assessments to a student whose parent
or guardian is a migrant worker.

(b) Defines "migrant worker."

Sec. 35.030. CONFIDENTIALITY;
PERFORMANCE REPORTS.
(a) Requires the board or a local school
district to ensure the security of the
instruments and tests. Provides that
meetings held by the board or a local
school district at which individual
assessment instruments or assessment
instrument items are discussed or adopted

are not open to the public, and the assessment instruments or assessment instrument items are confidential.

(b) Provides that the results of individual student performance on academic skills assessment instruments are confidential. Requires overall student performance data to be aggregated and made available to the public. Requires the commissioner of education to compile data and report.

(c) Authorizes a district or the commissioner of education to aggregate separately the performance data of students enrolled in bilingual or special education programs.

Sec. 35.031. COST.

Requires the cost of the assessment instruments to be paid from compensatory aid and requires each district to bear the cost on the basis of the number of students to whom the instruments are administered. Requires the commissioner of education, if a district does not receive an allocation of compensatory aid, to subtract the cost from the district's other foundation school fund allocations.

Sec. 35.032. BIENNIAL REPORTS.

Provides for board reports on evaluation of the correlation between student grades and student performance on assessment

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instruments.

Sec. 35.033. COMMITTEE ON STUDENT LEARNING.

Adopts senate version.

(a) Prohibits the board from adopting certain rules until it has considered the recommendations of the Texas committee on student learning.

(b) Sets forth the required composition of the committee.

(c) Provides that members of the committee serve two-year terms and may be reappointed.

(d) Requires solicitation of names of persons recommended for the committee.

(e) Requires the Texas Higher Education Coordinating Board to coordinate selection of the person appointed by the deans of colleges of education.

(f) Requires the governor to designate the chairman of the committee.

(g) Requires committee progress reports.

(h) Requires the committee to establish technical advisory committees.

(i) Requires the committee to seek advice from the public and interested educational organizations.

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Sec. 35.034. ASSESSMENT INSTRUMENT
STANDARDS; CIVIL PENALTY.

Adopts house version as Sec. 35.033.

(a) Prohibits use of same form of an assessment instrument for more than three school years.

(b) Requires a company or organization that grades an assessment instrument to report results.

(c) Provides manner in which state and national norms of averages are to be calculated.

(d) Provides damages for violation of Subsection (c).

(e) Requires board rules for the implementation of this section and for related security.

(f) Defines "assessment instrument."

SUBCHAPTER C. PERFORMANCE INDICATORS

Sec. 35.041. ACADEMIC EXCELLENCE
INDICATORS.

(a) Requires the board to adopt a set of indicators of the quality of learning on a campus.

(b) Provides standards for adoption and manner of use of indicators.

(c) Provides for comparison of

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indicators to state standards, required improvement, and comparable improvement.

(d) Requires the board to report the status of education in the state.

(e) Requires the commissioner of education to define exemplary, recognized, and unacceptable performance.

Sec. 35.042. PERFORMANCE REPORT.

(a) Requires a board of trustees to publish an annual report describing the educational performance of the district.

(b) Requires the board to give notice and hold a hearing on and to disseminate the report. Board may combine notice with the notice of a public hearing on proposed tax increase required by Sec. 26.06, Tax Code.

(c) Requires the report to include a comparison provided by the agency of certain information.

(d) Authorizes the report to include certain information.

(e) Provides for combination of this report with other reports and financial statements and restrictions on the number and length of reports.

(b) Omits provision permitting combination of notice with notice required under Tax Code.

Adopts house version of Sec. 21.938, Education Code, as Sec. 35.043.

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Sec. 35.043. USES OF PERFORMANCE REPORT.
Sets forth the uses of information
required to be reported under
Sec. 35.042.

Adopts house version as Sec. 35.044.

SUBCHAPTER D. ACCREDITATION STATUS

Sec. 35.061. ACCREDITATION REQUIRED.
Requires each school district to be
accredited by the agency.

Sec. 35.062. ACCREDITATION STANDARDS.
(a) Requires the board to adopt rules
for accreditation of school districts.

(b) Requires academic excellence
indicators to be the main consideration
of the agency in the rating of a
district. Sets forth authorized
additional criteria for accreditation
rules.

(c) Requires the agency to evaluate
against state standards and report.

Sec. 35.063. DETERMINING ACCREDITATION
STATUS.

(a) Requires the agency to annually
review the performance of each district
and campus and determine if a change in
accreditation status is warranted.

(b) Requires each annual review to
include an analysis of the indicators to
determine district and campus performance
in relation to certain items.

(c) Authorizes a district's accreditation rating to be raised or lowered based on the district's performance or the performance of one or more campuses in the district.

(d) Requires the board to use the agency's public education information management system.

(e) Requires the agency to notify a district that is rated accredited warned and that the performance of the district or a campus in the district is below standard. Requires the district to notify the property owners and parents in the district of the lowered accreditation rating and its implication.

Sec. 35.064. ON-SITE INVESTIGATIONS.

(a) Authorizes the commissioner of education to direct the agency to conduct on-site investigations and to raise or lower the accreditation rating as a result of the investigation.

(b) Requires the commissioner to determine the frequency of on-site investigations.

(c) Requires the investigators to obtain information from administrators, teachers, and parents. Requires the board to adopt rules for obtaining certain information.

(d) Requires the agency to give notice of impending investigation.

(e) Authorizes on-site evaluation of campus indicated to have low performance.

(f) Requires the investigators to report and make recommendations concerning necessary improvements or sources of aid.

Sec. 35.065. SPECIAL ACCREDITATION INVESTIGATIONS.

(a) Requires the commissioner of education to authorize special accreditation investigations to be conducted under certain circumstances.

(b) Authorizes the commissioner to lower the district's accreditation rating and to take appropriate action under Subchapter G.

Sec. 35.066. AGENCY ASSISTANCE.

Requires the agency to provide assistance to districts that have difficulty meeting accreditation standards.

SUBCHAPTER E. SUCCESSFUL SCHOOL AWARDS

Sec. 35.081. CREATION OF SYSTEM.

Creates the Texas Successful School Awards System.

Sec. 35.082. TYPES OF AWARDS.

SENATE VERSION

HOUSE VERSION

ACTION TAKEN

(a) Authorizes the governor to present financial awards to the schools or districts that have the highest levels of sustained success or the greatest improvement in achieving education goals.

(b) Authorizes the governor to present proclamations or certificates to additional schools and districts.

(c) Authorizes the commissioner of education to establish additional categories of awards and award amounts contingent on the school's or district's involvement with paired, lower-performing schools.

Sec. 35.083. ADVISORY COMMITTEE.

(a) Requires the commissioner of education to appoint advisory committee to make recommendations for awards.

(b) Sets forth the required composition of the committee.

(c) Provides number of members and terms.

Sec. 35.084. AWARDS.

(a) Provides for criteria to select successful schools.

(b) Requires the commissioner of education to select schools and districts qualified to receive successful schools awards and report the selections.

Adopts senate version.

Adopts house version as Sec. 35.083.

SENATE VERSION**HOUSE VERSION****ACTION TAKEN**

(c) Requires the agency to notify each school district of the manner in which the district or a school in the district may qualify for a successful school award.

Sec. 35.085. USE OF AWARDS.

(a) Provides manner of use of an award.

(b) Requires the school committee to determine the use of the funds awarded to a school. Requires the professional staff to determine the use of the funds awarded to the school district.

Sec. 35.086. FUNDING.

Provides for award system funding by donations, grants, or legislative appropriations. Authorizes award funds to be used to pay for related ceremonies. Subjects the awards to audit requirements.

Sec. 35.087. CONFIDENTIALITY.

Provides for confidentiality of program information and reports.

Adopts house version as Sec. 35.084.

Adopts house version as Sec. 35.085.

Adopts house version as Sec. 35.086.

SUBCHAPTER F. ADDITIONAL REWARDS

Sec. 35.101. RECOGNITION AND REWARDS.

Requires the board to develop a plan for recognizing and rewarding school districts and campuses that are exemplary or recognized and for developing a network for sharing successful practices.

Sec. 35.102. EXCELLENCE EXEMPTIONS.

(a) Exempts a school campus or district that is rated exemplary, with exceptions, from the requirements and prohibitions imposed under the Education Code.

(b) Provides that a school campus or district is not exempt from a prohibition on conduct that constitutes a criminal offense, from federal requirements, or from a requirement or prohibition imposed by state law or rule relating to certain items.

(c) Requires the agency to monitor and evaluate deregulation of a school campus or district and make a report.

(d) Authorizes the commissioner of education to exempt an exemplary school campus from elementary class size limits under certain conditions.

**SUBCHAPTER G. ACCREDITATION
SANCTIONS**

Sec. 35.121. SANCTIONS.

(a) Requires the commissioner of education, if a district does not satisfy the accreditation criteria, to take certain actions.

(b) Authorizes the commissioner to take certain actions concerning low-performing campus.

SENATE VERSION**HOUSE VERSION****ACTION TAKEN**

(c) Requires the commissioner of education to perform certain reviews, take certain actions in response, and report.

(d) Provides for payment of the costs of providing a monitor, master, management team, or special campus intervention.

(e) Requires a master or management team to prepare a plan for action under Subsection (a)(9) or (10), and authorizes the master or management team to take certain actions.

(f) Sets forth the authorized composition of a special campus intervention team.

(g) Provides that if the commissioner of education appoints a board of managers to govern a district, the powers of the board of trustees of the district are suspended and requires the commissioner to appoint a district superintendent. Authorizes the board of managers to amend the budget of the district.

(h) Provides that, if the commissioner appoints a board of managers to govern a campus, the powers of the board of trustees of the district in relation to the campus are suspended and requires the commissioner to appoint a campus principal. Provides for amendments to the budget of the district for the

SENATE VERSION

HOUSE VERSION

ACTION TAKEN

benefit of the campus.

No similar provision.

SECTION 7.02. Amends Section 11.011, Education Code, to change Central Education Agency sunset date to September 1, 1995.

Adopts senate version.

No similar provision.

SECTION 7.03. Amends Sec. 11.273, Education Code, as follows:

SECTION 7.02. Adopts house version.

(e) Makes conforming change.

(h) Authorizes the commissioner of education to grant certain districts or campuses an exemption or waiver from certain laws and rules. Prohibits certain exemptions or waivers.

No similar provision.

SECTION 7.04. Amends Sec. 11.62, Education Code, to give the commissioner of education sole authority to organize and appoint division directors and employees of the State Department of Education. Removes requirement that rules provide tenure safeguards.

SECTION 7.03. Adopts house version.

No similar provision.

SECTION 7.05. Amends Sec. 13.351(c), Education Code, to establish the duties of a superintendent.

SECTION 7.04. Adopts house version.

No similar provision.

SECTION 7.06. Amends Sec. 19.027(a), (b), and (d), Education Code, to authorize the commissioner to order the annexation of certain accredited warned districts into other districts.

SECTION 7.05. Adopts house version.

SENATE VERSION

HOUSE VERSION

ACTION TAKEN

No similar provision.

SECTION 7.07. Amends Sec. 21.557(f), Education Code, to make conforming changes.

SECTION 7.06. Adopts house version.

No similar provision.

SECTION 7.08. Adds Sec. 21.930(h), Education Code, as follows:

SECTION 7.07. Adopts house version.

(h) Requires certain elected professional staff to hold at least one public meeting per year after receipt of the annual district performance report from the Central Education Agency to discuss the performance of the district and the district performance objectives.

No similar provision.

SECTION 7.09. Adds Section 21.931(g), Education Code, as follows:

SECTION 7.08. Adopts house version.

(g) Requires each school committee to hold at least one public meeting per year after receipt of the annual campus rating from the agency to discuss the performance of the campus and the campus performance objectives.

No similar provision.

SECTION 7.10. Amends Sec. 23.33(a), Education Code, to require SBE to adopt statewide standards for the duties of a school board member as criteria for board member training.

SECTION 7.09. Adopts house version.

No similar provision.

SECTION 7.11. Requires the Educational Economic Policy Center to monitor and evaluate the implementation of the accountability system and to provide annual progress reports to the governor,

SECTION 7.10. Adopts house version.

SENATE VERSION

HOUSE VERSION

ACTION TAKEN

the Legislative Education Board, and the commissioner.

No similar provision.

SECTION 7.12. Establishes the Select Committee to Conduct a Comprehensive Review of the Central Education Agency and efficient use of educational resources in the state; provides for the composition, procedures, and duties of the committee, and makes related provisions for its operation. Provides for expiration of the committee January 10, 1995.

SECTION 7.11. Adopts house version.

No similar provision.

SECTION 7.13. Repeals: Secs. 2.01, 11.272, 21.258, 21.551-21.556, 21.558-21.561, 21.751-21.7531, 21.754-21.758, and Subchapter A, Chapter 34, Education Code.

SECTION 7.12. Adopts house version.

No similar provision.

SECTION 7.14. Amends Section 21.9211, Education Code, as follows:

SECTION 7.13. Adopts house version except as indicated:

Amends (e) to require Interscholastic League Advisory Council to report on UIL rules not later than January 1, 1995.

Adds (g) to require the council to study certain aspects of UIL policy and activity.

Adds (h) to limit UIL from taking actions on additional programs and reclassification of districts pending the council's report.

Deletes prohibition on UIL's reclassification of districts.

SENATE VERSION**HOUSE VERSION****ACTION TAKEN**

No similar provision.

SECTION 7.15. Provides for immediate effect of Article 7 beginning with the 1993-94 school year.

SECTION 7.14. Adopts house version.

ARTICLE 8

No similar provision.

SECTION 8.01. Amends Subchapter Z, Chapter 21, Education Code, by adding Sec. 21.938, DISTRICT AND CAMPUS PLANNING PROCESS.

SECTION 8.01. Adopts house version in substance.

(a) Requires each school board to develop a district and campus planning process.

(b) Sets out requirements for content of the plan.

(c) Requires that the plan address any federal planning requirements.

(d) Gives Central Education Agency access to each plan.

No similar provision.

SECTION 8.02. Amends Sec. 12.65(f), Education Code, to delete requirement that textbook cover be replaced "under direction of the teacher".

SECTION 8.02. Adopts house version.

No similar provision.

SECTION 8.03. Amends Sec. 12.67(a), Education Code, to provide that a school district employee working with a textbook company for remuneration must register with the superintendent, but no longer with the commissioner.

SECTION 8.03. Adopts house version.

SENATE VERSION

HOUSE VERSION

ACTION TAKEN

No similar provision.

SECTION 8.04. Amends Sec. 21.258, Education Code, by amending Subsection (a) to provide that district performance reports are available to the public, but are no longer filed with the SBOE, and by adding Subsection (e) to require school districts to include in the report a statement on their unencumbered fund balances.

Adopts house version incorporated into SECTION 7.01 as Sec. 35.042, Education Code.

No similar provision.

SECTION 8.05. Amends Sec. 21.601, Education Code, to delete provisions relating to community guidance centers in districts with an ADA of less than 6,000.

SECTION 8.04. Adopts house version.

No similar provision.

SECTION 8.06. Amends Sec. 21.701, Education Code, to provide that discipline management programs be included in a district plan instead of submitted to Central Education Agency for review.

SECTION 8.05. Adopts house version.

No similar provision.

SECTION 8.07. Amends Sec. 21.702, Education Code, to conform to amended Sec. 21.701.

SECTION 8.06. Adopts house version.

No similar provision.

SECTION 8.08. Amends Sec. 21.926, Education Code, making changes to provisions relating to information that must be posted for or made available to the public by a school district.

SECTION 8.07. Adopts house version.

No similar provision.

SECTION 8.09. Repeals Secs. 11.203, 11.205(b) and (c), 11.2051, 12.67(c), 14.065, 21.034, 21.1111(d), 21.253, 21.301(o), 21.557(d), 21.654, and

SECTION 8.08. Adopts house version, modified to delete repeal of Secs. 11.203 and 11.205(b) and (c).

SENATE VERSION

HOUSE VERSION

ACTION TAKEN

21.909(d), Education Code.

No similar provision.

SECTION 8.10. Amends Sec. 13.037(c), Education Code, to delete requirement that Central Education Agency maintain certain teacher performance data, and makes one nonsubstantive change.

SECTION 8.09. Adopts house version.

No similar provision.

SECTION 8.11. Amends Sec. 13.103, Education Code, relating to termination of probationary contracts by requiring a district to give notice not later than the 60th day before the last day of required instruction instead of not later than April 1.

SECTION 8.10. Adopts house version.

No similar provision.

SECTION 8.12. Amends the heading of Subchapter E, Chapter 13, Education Code, from "CAREER LADDER" to "TEACHER APPRAISAL".

SECTION 8.11. Adopts house version.

No similar provision.

SECTION 8.13. Amends Secs. 13.302(a), (c), and (f). Eliminates requirements of multiple teacher appraisers and deletes references to career ladder.

SECTION 8.12. Adopts house version, modifies Subsection (f) to clarify conference process.

No similar provision.

SECTION 8.14. Amends Sec. 13.303, Education Code, by amending Subsections (a) and (c), and adding (d). Revises procedures and standards for teacher appraisal.

SECTION 8.13. Adopts house version, modifies Subsection (c) to provide for written rebuttal and review of evaluation.

No similar provision.

SECTION 8.15. Amends Sec. 13.304, Education Code, by deleting career ladder provisions.

SECTION 8.14. Adopts house version.

SENATE VERSION

HOUSE VERSION

ACTION TAKEN

No similar provision.

SECTION 8.16. Adds Sec. 16.058, Education Code, to provide that an eligible teacher is entitled to receive a minimum salary equal to the teacher's base salary plus the teacher's career ladder supplement for the 1992-1993 school year.

SECTION 8.15. Adopts house version.

No similar provision.

SECTION 8.17. Amends Sec. 21.112(e), Education Code, relating to vocational programs, to eliminate the requirement that a competency profile be maintained for each student.

SECTION 8.16. Adopts house version.

No similar provision.

SECTION 8.18. Amends Sec. 21.204(a), Education Code, to require a board of trustees to notify a teacher of a proposed nonrenewal not later than the 60th day before the last day of instruction required in the contract.

SECTION 8.17. Adopts house version.

No similar provision.

SECTION 8.19. Amends Sec. 822.201(b), Government Code, by repealing the reference to career ladder payments.

SECTION 8.18. Adopts house version.

No similar provision.

SECTION 8.20. Amends Sec. 825.405(b), Government Code, to conform to repeal of the career ladder and provision for salary of teacher formerly on career ladder.

SECTION 8.19. Adopts house version.

No similar provision.

SECTION 8.21. Repeals Secs. 12.61(a), 13.301, 13.305, 13.306(b), 13.307-13.317, 13.319-13.323, and 21.251(c), Education Code.

SECTION 8.20. Adopts house version.

SENATE VERSION

HOUSE VERSION

ACTION TAKEN

No similar provision.

SECTION 8.22. Amends Sec. 11.273(e)(5), Education Code, to include a reference to a waiver authorized by Sec. 16.054.

SECTION 7.02. Adopts house version.

No similar provision.

SECTION 8.23. Amends Sec. 13.353(a), Education Code, to require that a district's in-service training program for administrators be one adopted by the SBOE or one approved by the trustees of the district, and include management training in site-based decision making. Amends Sec. 13.353(e), Education Code, to permit rather than require the Central Education Agency to allocate funds for professional development programs and deletes a related reporting requirement.

SECTION 8.21. Adopts house version.

No similar provision.

SECTION 8.24. Amends Sec. 13.354(d), Education Code, to authorize, rather than require, each school district to use the appraisal process and performance criteria developed by the State Board of Education in evaluating the performance of an administrator.

SECTION 8.22. Adopts house version.

No similar provision.

SECTION 8.25. Repeals Secs. 12.64 and 13.354(c), Education Code.

SECTION 8.23. Adopts house version.

No similar provision.

SECTION 8.26. Amends Sec. 21.165(d), Education Code, to delete language requiring the commissioner of education to approve the purchase of a motor vehicle, bus, bus body, or bus chassis.

SECTION 8.24. Adopts house version.

SENATE VERSION

HOUSE VERSION

ACTION TAKEN

No similar provision.

SECTION 8.27. Amends Sec. 21.181(a), Education Code, to delete requirement that a transportation company meet alternative fuels requirements in order to contract with a district school board.

Adopts senate version.

No similar provision.

SECTION 8.28. Amends Sec. 21.182(a), Education Code, to make a conforming change.

~~SECTION 8.26.~~ ^{senate} Adopts ~~house~~ version.

No similar provision.

SECTION 8.29. Repeals Secs. 21.174(c)-(i), 21.180, and 21.181(f), Education Code.

SECTION 8.25. Adopts senate version for Secs. 21.174(c)-(i), Education Code, modifying timeline and providing exceptions; adopts senate version for Secs. 21.180 and 21.181(f).

No similar provision.

SECTION 8.30. Amends Sec. 19.051(a), Education Code, to delete requirement that school districts be contiguous to consolidate into a single school district.

SECTION 8.27. Adopts house version.

No similar provision.

SECTION 8.31. Amends Sec. 21.041, Education Code, as follows:

SECTION 8.28. Adopts house version.

(a) Prohibits a student from being given credit for a class unless the student is in attendance for at least 90 percent of the days the class is offered, rather than 80 days during a semester.

(b) Makes conforming changes.

No similar provision.

SECTION 8.32. Amends Sec. 21.458, Education Code, as follows:

SECTION 8.29. Adopts house version.

SENATE VERSION

HOUSE VERSION

ACTION TAKEN

(a) Requires a school that operates on a two-semester system to offer a bilingual education or special language program during the summer recess. Requires a school that operates on any other system to offer 120 hours of instruction on a schedule the board of trustees of the district establishes.

(b) Makes a conforming change.

(e) Makes a conforming change.

(f) Makes a conforming change.

No similar provision.

SECTION 8.33. Amends Subchapter B, Chapter 11, Education Code, by adding Sec. 11.274, as follows:

Adopts senate version.

(a) Authorizes a school committee established under Sec. 21.931 to apply to the commissioner of education for a waiver for the school of a requirement or prohibition imposed by law or rule that the committee determines inhibits student achievement, except as provided under Subsection (c).

(b) Establishes application requirements.

(c) Authorizes the commissioner to grant a waiver for up to three years. Excludes waivers of criminal provisions or federal requirements.

SENATE VERSION

HOUSE VERSION

ACTION TAKEN

No similar provision.

SECTION 8.34. Amends Sec. 11.52, Education Code, by adding Subsection (p) to authorize the commissioner to establish demonstration programs to demonstrate and investigate educational programs or methodologies. Authorizes the commissioner to waive a state requirement or prohibition, other than a criminal provision, that hinders the implementation of a program.

Adopts senate version.

No similar provision.

SECTION 8.35. Amends Subchapter O, Chapter 21, Education Code, by adding Sec. 21.562 to provide certain parental rights relating to assessment instruments.

Adopts senate version.

No similar provision.

SECTION 8.36. Amends Sec. 21.920(b), Education Code, to authorize the campus principal to remove the suspension from extracurricular activities if the student has not received a grade lower than the equivalent of 70 on a scale of 100 in an academic class in the first three weeks of suspension. Requires the principal to reinstate the suspension if the student receives a grade lower than the equivalent of 70 on a scale of 100 in any academic class in the second three weeks of the period.

Adopts senate version.

No similar provision.

SECTION 8.37. Amends Sec. 21.920(f), Education Code, to provide that participation by a vocational agriculture student in an event related to vocational agriculture is not considered an

Adopts senate version.

SENATE VERSION

HOUSE VERSION

ACTION TAKEN

extracurricular activity.

No similar provision.

SECTION 8.38. Amends Sec. 21.3011(b), Education Code, to authorize a student to be removed from class or expelled if the student, under certain circumstances, engages in conduct that contains the elements of the offense of public lewdness under Sec. 21.07, Penal Code.

SECTION 8.30. Adopts house version.

No similar provision.

SECTION 8.39. Amends Sec. 21.5513, Education Code, to add Subsection (j) to require the Committee on Student Learning to develop basic standards for measuring competence and skill levels in reading, writing, and mathematics and to report those standards to the legislature.

Adopts senate version.

No similar provision.

SECTION 8.40. Amends Subchapter B, Chapter 11, Education Code, by adding Sec. 11.37 to require the State Board of Education, in cooperation with the Texas Higher Education Coordinating Board, to adopt rules to facilitate charging school districts for remedial education costs, as provided by Sec. 11.54.

Adopts senate version.

No similar provision.

SECTION 8.41. Amends Subchapter D, Chapter 11, Education Code, by adding Sec. 11.54 to authorize the commissioner of education to assign to a school district that consistently graduates students who require postsecondary remedial education all or part of the costs of remedial education provided by an institution of higher education.

Adopts senate version.

SENATE VERSION

HOUSE VERSION

ACTION TAKEN

Requires the commissioner to assign the costs as provided by the rules adopted under Secs. 11.37 and 61.083.

No similar provision.

SECTION 8.42. Amends Subchapter C, Chapter 61, Education Code, by adding:

Adopts senate version.

Sec. 61.083 to require the coordinating board, in cooperation with the State Board of Education, to adopt rules to facilitate charging school districts for remedial education costs, as provided by Section 11.54.

Sec. 61.084 to require the coordinating board to develop a plan for elimination of remedial postsecondary educational programs at institutions of higher education and to report to the legislature.

No similar provision.

SECTION 8.43. Amends Sec. 21.101, Education Code, by adding Subsection (j), to prohibit the State Board of Education or the commissioner of education from requiring a local school district to offer a course in sex education.

Adopts senate version.

No similar provision.

SECTION 8.44. Amends Sec. 3(a), Article 6252-17a, V.T.C.S., to provide that curriculum objectives of public educational institutions are public information under the open records law.

SECTION 8.31. Adopts house version.

SENATE VERSION

HOUSE VERSION

ACTION TAKEN

No similar provision.

SECTION 8.45. Amends Sec. 5(a), Article 6687b, V.T.C.S., to provide that the subsection does not apply to the operation of a vehicle owned by a public institution of higher education to transport students of a school district that operates within that institution under certain conditions.

SECTION 8.32. Adopts house version.

No similar provision.

SECTION 8.46. Repeals Secs. 21.008, 21.132-21.134, 23.993, 23.994, and 23.999, Education Code.

SECTION 8.33. Adopts house version.

No similar provision.

SECTION 8.47. Provides that effective September 1, 1995, Titles 1 and 2, Education Code, are repealed (General Provisions and Public Schools).

SECTION 8.34. Adopts house version modified to not repeal Chapters 16, 20, and 36 of Title 2, Education Code.

No similar provision.

SECTION 8.48. Requires the commissioner of education to submit to the legislature a proposed revision of Titles 1 and 2, Education Code, by June 1, 1994.

SECTION 8.35. Adopts house version, but revision only of laws repealed in previous section.

No similar provision.

SECTION 8.49. Abolishes the Central Education Agency effective September 1, 1995.

SECTION 8.36. Adopts house version.

LEGISLATIVE BUDGET BOARD
Austin, Texas

Patsy

FISCAL NOTE
73rd Regular Session

May 27, 1993

TO: Honorable Bob Bullock
Lieutenant Governor
Senate Chamber
Austin, Texas

Honorable Pete Laney
Speaker of the House
House of Representatives
Austin, Texas

IN RE: Conference Committee Report for
Senate Bill No. 7

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on the Conference Committee Report on Senate Bill No. 7 (relating to public school education and finance; providing penalties) this office has determined the following:

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The bill would make formula changes to the Foundation School Program (FSP). Major provisions include:

- abolishing county education districts (CEDs);
- providing guidelines to the commissioner of education to transfer certain property among districts or consolidate school districts, as necessary, to reduce the effective wealth per weighted pupil of districts to \$280,000 or lower;
- providing school districts with local option alternatives to the authority granted to the Commissioner;
- setting FSP funding elements, including a basic allotment of \$2,300, a technology allotment of \$30, a tier 1 local fund assignment of \$0.86, a guaranteed yield of \$20.55 per weighted pupil, and a tier 2 tax rate of \$0.64;
- changing weights for the special education allotment to, in part, implement the recommendations contained in the biennial school finance studies report prepared by the staff of the Legislative Education Board and Legislative Budget Board;
- providing FSP funding for extended year services for special education student;
- establishing pilot programs for the inclusion of students with disabilities in the regular classroom and providing FSP funding for the pilots;
- establishing a process through which the commissioner of education determines a sum-certain FSP allocation to each school district for a given year, with adjustments made during each year and/or the subsequent year to reflect changes in property values, tax rates, and ADA;
- limiting the state's participation in Tier 2 of the FSP;
- requiring the Texas Education Agency to provide projections of ADA and tax rates and the Comptroller to provide projections of property values;
- providing guidelines for the commissioner of education to reduce FSP allocations, if necessary, to ensure that state aid remains within appropriations levels;
- providing for reduction of FSP entitlement for districts with excessive administrative costs;
- establishing compulsory extended year pilots for students who are at risk being retained in grade;
- eliminating biennial school finance studies;
- reducing the threshold for local school district rollback elections.
- eliminating the career ladder but providing funding for teachers currently on the career ladder;
- modifying requirements under the Texas Teacher Appraisal System (TTAS);
- removing obstacles to school district consolidation; and
- sunseting certain public education statutes and abolishing the Texas Education Agency in September 1995.

The bill would increase FSP state aid in 1994 and thereafter. FSP costs in 1996 and beyond would be determined by actions of the Foundation School Fund Budget Committee (FSFBC) in setting future funding elements. State aid changes in future years would also depend on actual changes in local tax effort, ADA, and property values.

The bill would have an impact on the state's contribution to the Teacher Retirement System (TRS). The cost estimates below are based on the assumption that 65% of new state aid is spent on salaries and that the state's contribution rate is 7.31%.

The state could incur costs in providing hold harmless incentive aid in 1994 and 1995 to school districts that consolidate. These costs cannot be determined.

The state could realize FSP savings from districts with excessive administrative costs. These savings would depend on standards set by the commissioner of education and on the extent to which affected districts took corrective action. The net savings cannot be estimated.

The state would incur administrative costs in carrying out transfer of property or forced consolidation of districts and/or overseeing implementation of local option alternatives. These costs would depend on the type of wealth sharing schemes adopted by local school districts. These costs would be offset by administrative savings from elimination of biennial school finance studies. The net administrative fiscal implications to the state cannot be determined.

The bill's provisions would generally have a negative impact on local school districts. A substantial majority of districts would need to raise tax effort in 1994 to maintain projected levels of total revenue per pupil in 1993. Affected districts would also incur costs in implementing the wealth sharing options provided in the bill. These costs would depend on the options taken and cannot be determined.

TEA estimates net local savings of \$43.4 million per year due to removal of the requirement that districts follow TTAS appraisal guidelines. These savings result primarily from fewer appraisals required. School districts could realize additional savings tied to relief from statutory requirements regarding alternative fuels and school consolidation. These savings would depend on local circumstances and cannot be determined.

Local central appraisal districts would incur costs to the extent that wealthy school districts chose to reduce wealth disparities by detaching certain properties and annexing these properties to less wealthy school districts. These costs cannot be determined.

The state cost estimates below are compared to the 1993 appropriated level rather than to the projected state costs under current law. This base of comparison has been selected due to the fact that the provisions of current law under S.B. 351 are unenforceable after September 1, 1993 as a result of the *Edgewood III* decision of the Texas Supreme Court. For the sake of this fiscal note, we have assumed that all affected districts choose to transfer property to low wealth districts. State costs could vary depending on the local option alternatives chosen by affected districts.

The probable cost of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

| Fiscal Year | Probable Formula Costs/(Savings) Over the 1993 Level Out of the General Revenue Fund at 1993 Tax Rates | Probable Teacher Retirement System Costs/(Savings) Over the 1993 Level Out of the General Revenue Fund |
|-------------|--|--|
| 1994 | \$20,900,000 | \$1,100,000 |
| 1995 | 309,000,000 | 15,700,000 |
| 1996 | 623,700,000 | 31,700,000 |
| 1997 | 930,200,000 | 47,200,000 |
| 1998 | 1,293,900,000 | 65,700,000 |

Similar annual costs would continue as long as the provisions of the bill are in effect.

It should be noted that a portion of the TRS cost is tied to ADA growth and is not directly attributable to the bill's provisions.

The state FSP costs above are based on the assumption that districts will maintain taxes at the 1993 level. If districts were to increase tax effort to the maximum tier 2 tax rate, the state costs in addition to those shown above would be \$783.1 million in 1996, \$812.8 million in 1997, and \$854.6 million in 1998.

Source: Texas Education Agency;
LBB Staff: JO, JWH, EC, JSO, JOL

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE
73rd Regular Session

May 18, 1993

TO: Honorable Libby Linebarger, Chair
Committee on Public Education
House of Representatives
Austin, Texas

IN RE: House Committee
Substitute for Senate Bill
No. 7

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on House Committee Substitute for Senate Bill No. 7 (relating to public school education and finance) this office has determined the following:

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The bill would make formula changes to the Foundation School Program (FSP). Major provisions include:

- abolishing county education districts (CEDs);
- providing guidelines to the commissioner of education to consolidate school districts, as necessary, to reduce the effective wealth per weighted pupil of certain districts to \$280,000 or lower;
- providing school districts with local option alternatives to forced consolidation;
- setting FSP funding elements, including a basic allotment of \$2,300, a technology allotment of \$30, a tier 1 local fund assignment of \$0.86, a guaranteed yield of \$22 per weighted pupil, and a tier 2 tax rate of \$0.42;
- establishing a process through which the commissioner of education determines a sum-certain FSP allocation to each school district for a given year, with adjustments made during each year and/or the subsequent year to reflect changes in property values, tax rates, and ADA;
- requiring the Texas Education Agency to provide projections of ADA and the Comptroller to provide projections of property values;
- providing guidelines for the commissioner of education to reduce FSP allocations, if necessary, to ensure that state aid remains within appropriations levels;
- providing for reduction of FSP entitlements for districts with excessive administrative costs;
- allowing school districts to shorten the school year in order to fund optional extended year compulsory attendance programs for students at risk of being retained in grade;
- eliminating biennial school finance studies; and
- reducing the threshold for local school district rollback elections.

The bill would decrease FSP state aid in 1994 and then increase state aid each year thereafter. FSP costs in 1996 and beyond would be determined by actions of the Foundation School Fund Budget Committee (FSFBC) in setting future funding elements. State aid changes in future years would also depend on actual changes in local tax effort, ADA, and property values.

The bill would have an impact on the state's contribution to the Teacher Retirement System (TRS). The cost estimates below are based on the assumption that 65% of new state aid is spent on salaries and that the state's contribution rate is 7.31%.

The state could incur costs in providing hold harmless incentive aid in 1994 and 1995 to school districts that voluntarily consolidate. Depending on specific consolidation pairings, the hold harmless for losses tied to the small district adjustment could amount to \$50 million per year in 1994 and 1995. The bill would provide no incentive aid beyond the first two years.

The state could realize FSP savings from districts with excessive administrative costs. These savings would depend on standards set by the commissioner of education and on the extent to which affected districts took corrective action. The net savings cannot be estimated.

The state would incur administrative costs in carrying out the forced consolidation of districts and/or overseeing implementation of local option alternatives to forced consolidations. These costs would depend on the type of wealth sharing schemes adopted by local school districts. These costs would be offset by administrative savings from elimination of biennial school finance studies. The net administrative fiscal implications to the state cannot be determined.

The bill's provisions would generally have a negative impact on local school districts. A substantial majority of districts would need to raise tax effort in 1994 to maintain projected levels of total revenue per pupil in 1993. State aid per ADA would decrease by \$73 in 1994 and then increase by \$45 in 1995. Affected districts would also incur costs in implementing the wealth sharing options provided in the bill. These costs would depend on the options taken and cannot be determined.

Local central appraisal districts would incur costs to the extent that wealthy school districts chose to reduce wealth disparities by detaching certain properties and annexing these properties to less wealthy school districts. These costs cannot be determined.

The state cost estimates below are compared to the 1993 appropriated level rather than to the projected state costs under current law. This base of comparison has been selected due to the fact that the provisions of current law under S.B. 351 are unenforceable after September 1, 1993 as a result of the *Edgewood III* decision of the Texas Supreme Court. For the sake of this fiscal note, we have assumed forced consolidation of all affected districts. State costs could vary depending on the local option alternatives chosen by affected districts.

The probable cost of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

| Fiscal Year | Probable Formula Costs/(Savings) Over the 1993 Level Out of the General Revenue Fund at 1993 Tax Rates | Probable Teacher Retirement System Costs/(Savings) Over the 1993 Level Out of the General Revenue Fund |
|-------------|--|--|
| 1994 | (\$103,200,000) | (\$5,200,000) |
| 1995 | 180,000,000 | 9,100,000 |
| 1996 | 493,800,000 | 25,100,000 |
| 1997 | 815,000,000 | 41,400,000 |
| 1998 | 1,175,000,000 | 59,600,000 |

Similar annual costs would continue as long as the provisions of the bill are in effect.

It should be noted that a portion of the TRS cost is tied to ADA growth and is not directly attributable to the bill's provisions.

The state FSP costs above are based on the assumption that districts will maintain taxes at the 1993 level. If districts were to increase tax effort to the maximum tier 2 tax rate, the state costs in addition to those shown above would be \$205.2 million in 1994, \$210.1 million in 1995, \$215.4 million in 1996, \$220.7 million in 1997, and \$226.6 million in 1998.

Source: Texas Education Agency;
LBB Staff: JO, JWH, DF, JSO, JOL

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE
73rd Regular Session

May 14, 1993

TO: Honorable Libby Linebarger, Chair
Committee on Public Education
House of Representatives
Austin, Texas

IN RE: Senate Bill No. 7, as
engrossed
By: Ratliff

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Senate Bill No. 7, as engrossed (relating to public school education and finance) this office has determined the following:

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The bill would make formula changes to the Foundation School Program (FSP). Major provisions include:

- abolishing county education districts (CEDs);
- providing guidelines to the commissioner of education to detach certain non-residential and non-agricultural property from one school district and annex it to another district in order to reduce the effective wealth per weighted pupil of certain districts to \$280,000 or lower, with some exceptions;
- setting a tier 1 basic allotment of \$2,450 and directing the commissioner of education to reduce the basic allotment by an amount sufficient to cover the cost of the career ladder allotment;
- setting other tier 1 funding elements, including a technology allotment of \$30 and a local fund assignment of \$0.90;
- setting tier 2 funding elements, including a flat guaranteed yield of \$20 per weighted pupil for the first 30 cents of tax effort and a sliding scale yield of between \$20 and \$17 per weighted pupil for tax effort of between \$0.30 and \$0.60;
- effective in 1995, changing weights for the special education allotment to, in part, implement the recommendations contained in the biennial school finance studies report prepared by the staff of the Legislative Education Board and Legislative Budget Board;
- effective in 1995, providing FSP funding for extended year services for special education students;
- establishing pilot programs for the inclusion of students with disabilities in the regular classroom and providing FSP funding for the pilots;
- establishing compulsory extended year pilots for students who are at risk of being retained and adjusting the FSP definition of average daily attendance (ADA) to provide funding for the pilots;
- limiting the state's participation in funding local tax effort increases within tier 2 of the FSP;
- establishing a process through which the commissioner of education determines a sum-certain FSP allocation to each school district for a given year, with adjustments made in the subsequent year to reflect changes in property values and ADA;
- requiring the Texas Education Agency to provide projections of ADA and tax rates and the Comptroller to provide projections of property values;
- providing guidelines for the commissioner of education to reduce FSP allocations, if necessary, to ensure that state aid remains within appropriations levels;
- requiring certain wealthy districts to pay the state's contribution to the Teacher Retirement System; and
- providing for reduction of FSP entitlements for districts with excessive administrative costs.

The bill would increase FSP state over the 1993 level by \$17.1 million in 1994, increasing to \$1,327.5 million by 1998. FSP costs in 1996 and beyond would be determined by actions of the Foundation School Fund Budget Committee (FSFBC) in setting future funding elements. State aid changes in future years would also depend on actual changes in local tax effort, ADA, and property values.

The bill would have an impact on the state's contribution to the Teacher Retirement System (TRS). Assuming that 65% of new state aid is spent on salaries, the state's contribution to TRS is expected to increase over the 1993 level by \$0.9 million in 1994 and by \$73.3 million by 1998. These costs would be offset by savings due to the requirement that certain wealthy districts pay the state's contribution to TRS. These savings cannot be determined.

The state could realize FSP savings from districts with excessive administrative costs. These savings would depend on standards set by the commissioner of education and on the extent to which affected districts took corrective action. The net savings cannot be estimated.

The state would incur administrative costs associated with the bill's provisions regarding detachment and annexation of certain parcels of property. Assuming that most of the field work is done through contract with central appraisal districts and/or appraisal firms, costs could range from \$3,000,000 to \$5,000,000 per year in 1993 and beyond. The range of costs would depend on whether TEA could transfer entire categories of property or would need to identify property on a parcel-by-parcel basis. Costs beyond 1993 would depend on the extent to which TEA needed to adjust allocations in order to maintain various wealth thresholds identified in the bill.

The bill's provisions would generally have a negative impact on local school districts. A substantial majority of districts would need to raise tax effort in 1994 to maintain projected levels of total revenue per pupil in 1993. State aid per ADA would decrease by \$37 in 1994 and then increase by \$35 in 1995. Districts choosing to operate extended year compulsory attendance programs would incur costs; however, these costs would be partially or totally offset by FSP state aid. Districts would also incur costs in adjusting local taxing practices to comply with the impact of reallocation of wealth among school districts and in notifying affected taxpayers. These costs cannot be determined.

Local central appraisal districts would incur costs in assisting TEA in the reallocation process and in adjusting tax rolls to reflect the results of reallocation of wealth among school districts. These costs cannot be determined.

The state cost estimates below are compared to the 1993 appropriated level rather than to the projected state costs under current law. This base of comparison has been selected due to the fact that the provisions of current law under S.B. 351 are unenforceable after September 1, 1993 as a result of the *Edgewood III* decision of the Texas Supreme Court.

The probable cost of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

| Fiscal Year | Probable Formula Costs Over the 1993 Level Out of the General Revenue Fund at 1993 Tax Rates | Probable Teacher Retirement System Costs Over the 1993 Level Out of the General Revenue Fund |
|-------------|--|--|
| 1994 | \$17,100,000 | \$900,000 |
| 1995 | 268,800,000 | 14,900,000 |
| 1996 | 630,000,000 | 34,800,000 |
| 1997 | 962,300,000 | 53,200,000 |
| 1998 | 1,327,500,000 | 73,300,000 |

Similar annual costs would continue as long as the provisions of the bill are in effect.

It should be noted that a portion of the TRS cost is tied to ADA growth and is not directly attributable to the bill's provisions.

The state FSP costs above are based on the assumption that the state will contribute tier 2 state aid for tax effort up to but not exceeding the 1993 level, with exceptions for certain below average wealth districts. If districts were to increase tax effort to the maximum tier 2 tax rate, the additional state costs would be \$647.8 million in 1996, \$677.0 million in 1997, and \$709.4 million in 1998.

Source: Texas Education Agency;
LBB Staff: JO, JWH, EC, JSO, LC

CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

ADOPTED

MAY 28 1993

Date

Honorable Bob Bullock
President of the Senate

Betty Murray
Chief Clerk
House of Representatives

by record vote
103 Yeas 41 nays
1 pnv

Honorable Pete Laney
Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on _____ have met and had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

On the part of the Senate

On the part of the House

Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.

SIDE BY SIDE ANALYSIS

S.B. 7

| SENATE VERSION | HOUSE VERSION | ACTION TAKEN |
|--|---|---|
| SECTION 1. Amends Chapter 16, Education Code, as follows: CHAPTER 16. FOUNDATION SCHOOL PROGRAM SUBCHAPTER A. GENERAL PROVISIONS Secs. 16.001-16.005. Retains current law. Sec. 16.006. AVERAGE DAILY ATTENDANCE. (a) Provides that average daily attendance (ADA) is the quotient of the sum of attendance for each day of the minimum school year as described and for each day approved by the commissioner of education for an extended year program divided by the number of days in the minimum school year. Sec. 16.007. PUBLIC EDUCATION INFORMATION MANAGEMENT SYSTEM (PEIMS). (a) and (c) Delete provisions relating to the county education districts. Sec. 16.008. EQUALIZED FUNDING ELEMENTS. Makes a nonsubstantive change. Sec. 16.009. Repealed. | SECTION 2.01. Amends Chapter 16, Education Code, as follows: Same. Same. Retains current law. Same except adds new (c) that requires commissioner to conduct an annual review of PEIMS and repeal or amend rules that require districts to provide information that is not necessary. Same. Same. | SECTION 2.01. Adopts senate version with modifications, including those indicated: Adopts senate version, except provides that attendance in an extended year program is counted for ADA purposes beginning with 1995-1996 school year. Adopts house version with clarifications. |

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Sec. 16.010. Repealed.

Same.

Sec. 16.011. Repealed.

Same.

**SUBCHAPTER B. REQUIREMENTS FOR
DISTRICT PARTICIPATION IN THE
FOUNDATION SCHOOL PROGRAM**

Sec. 16.051. REQUIRED COMPLIANCE.
Maintains current law.

Same.

Sec. 16.052. OPERATION OF
SCHOOLS: TEACHER PREPARATION AND STAFF
DEVELOPMENT.
Maintains current law.

Amends (b) to allow school district to replace not more than five days of instruction with staff development days and deletes requirement for not less than 20 hours of staff development, as described; (c) requires that staff development be campus-based and describes acceptable staff development activities; (d) repealed.

Adopts senate version but includes house language concerning staff development activities.

Sec. 16.053. ACCREDITATION.
Maintains current law.

Same.

Sec. 16.054. STUDENT/TEACHER RATIOS;
CLASS SIZE.
Adds a Subsection (f) to require each school committee, not later than the 45th day after the first day of the school year, to file a written report with the school district that states the class size of each class in the school. Requires each school district, not later than the 60th day after the first day of the school year, to forward the reports to the commissioner.

(b) Allows only 22 students in K through 4 except as provided in (d) or (f) and repeals provision that limitation does not apply during the last 12 weeks of any school year.

(d) Defines "undue hardship" and describes waiver process; provides for school district to lose foundation school funds for exceeding class size without filing timely waiver.

Adopts senate version, but omits Subsection (g).

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(f) A school district may enroll more than 22, but not more than 24, students in K through 4 to either avoid class reorganization after first 12 weeks of school year or during any 12 weeks if a significant percentage of students' parents or guardians are migrant workers.

(g) Same provisions as in senate Subsection (f).

Sec. 16.055. COMPENSATION OF PROFESSIONAL AND PARAPROFESSIONAL PERSONNEL.

Amends (b) to make clarifying change.

Maintains current law.

Sec. 16.056. TEXAS PUBLIC EDUCATION COMPENSATION PLAN.

Maintains current law.

Same.

Sec. 16.057. CAREER LADDER SALARY SUPPLEMENTS.

Maintains current law.

Repeals career ladder salary supplement.

Adopts house version.

SUBCHAPTER C. BASIC ENTITLEMENT

Sec. 16.101. BASIC ALLOTMENT.

Provides that a district is entitled to an allotment of \$2,450 per student ADA as adjusted to fund the career ladder allotment or a greater amount adopted by the foundation school fund budget committee. Provides that a different, rather than greater, amount for any school year may be provided by appropriation. Eliminates current

Establishes a basic allotment of \$2,300 for each school year or greater amount as adopted by the foundation school fund budget committee or provided by appropriation. Eliminates current allotments for the 1991-1992 through the 1994-1995 school years.

Adopts house version with clarification.

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allotments for the 1991-1992 through the 1994-1995 school years.

Sec. 16.102. COST OF EDUCATION ADJUSTMENT.

Same.

(a) Makes conforming change.

(b) Provides that adjustment for 1993-1994 and 1994-1995 school years is cost of education index adopted by the foundation school fund budget committee in December 1990. Requires the foundation school fund budget committee, beginning with the 1995-1996 school year, to determine the cost of education adjustments under Sec. 16.256. Makes nonsubstantive changes; deletes expiration.

The adjustment for the school year is the cost of education index adopted in December 1990 by the foundation school fund budget committee; deletes requirement that index be recomputed for districts receiving the small district adjustment; deletes expiration.

Sec. 16.103. SMALL DISTRICT ADJUSTMENT.

Same.

(a) Retains current law.

(b) and (c) Make a corrective change to provide the formula for adjusting the basic allotment, rather than ADA, as previously.

(e) Deletes expiration.

Sec. 16.1031. USE OF SMALL DISTRICT ADJUSTMENT IN CALCULATING SPECIAL ALLOTMENTS.

Same.

Repeals expiration provision for this section.

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Sec. 16.104. SPARSITY ADJUSTMENT.
Repeals expiration provision for this section.

Same.

SUBCHAPTER D. SPECIAL ALLOTMENTS

Sec. 16.151. SPECIAL EDUCATION.

(a) Provides for weighting the adjusted basic allotment for each student in mainstream instructional arrangement and changes weights for full-time equivalent students in certain other instructional arrangements.

(a) Maintains current law and makes technical corrections to appropriately reletter the subsequent subsections.

Substantially adopts senate version for Section 16.151.

(b) Changes certain funding weights.

(b) Maintains current law.

(c) Provides for instructional arrangements to be grouped in a combined arrangement, beginning with the 1995-1996 school year.

No similar provision.

(d) Limits the number of contact hours credited per day for each student under certain instructional arrangements from exceeding certain amounts, beginning with the 1995-1996 school year.

No similar provision.

(e) Requires the State Board of Education, in prescribing the qualifications that a mainstream instructional agreement must meet, to require that the arrangement provide eligible students with disabilities special education services in the regular classroom with any necessary direct or indirect special educational support.

(c) Maintains current law.

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(f) Maintains current law.

(d) Same.

(g) Maintains current law.

(e) Same.

(h) Maintains current law.

(f) Same.

(i) Maintains current law.

(g) Same.

(j) Repeals requirement that the Central Education Agency provide transitional support for the movement of students from totally self-contained to partially self-contained instructional arrangements; repeals \$2,500 payment for each student moved from a totally self-contained classroom to a partially self-contained classroom.

(h) Maintains current law.

(k) If a district's ratio of FTE students in partially or totally self-contained classrooms to FTE students in resource or mainstream instructional arrangements exceeds statewide average by 25 percent for two successive years, the commissioner may reduce the special education allotment the district receives to the level to which the district would be entitled if the district's ratio was not more than 25 percent higher than the statewide ratio. Makes conforming changes.

(i) Maintains current law.

(l) Provides for funding for a school district that provides an extended year program required by federal law for

(j) Maintains current law.

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special education students who may regress. Deletes statement that student in a mainstream instructional arrangement who is not also in another instructional arrangement is provided support needed to remain in the regular classroom.

(m) Requires the commissioner to withhold from the total amount of funds appropriated for special education the amount specified in the General Appropriations Act, which for 1994-1995 biennium may not be more than \$2 million, to reallocate to selected school districts for pilot programs under added Section 21.513 to include students with disabilities in the regular classroom.

Sec. 16.152. COMPENSATORY EDUCATION ALLOTMENT.
Makes nonsubstantive changes to reletter subsections and conform references.

No similar provision.

Makes nonsubstantive changes to reletter subsections and conform references.

Adopts house version for Sec. 16.152.

(f)(2), (j), and (m) Connects reductions in allotments to equalized proration provision.

(n) The commissioner of education may withhold a contingency fund not to exceed \$1 million for significant unanticipated enrollment increases of nonhandicapped students who reside in residential placement facilities.

(o) The commissioner shall reduce each district's compensatory education allotment proportionately after deducting the amount withheld under Subsection (n).

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Sec. 16.153. BILINGUAL EDUCATION ALLOTMENT.
Maintains current law.

Same.

Sec. 16.155. VOCATIONAL EDUCATION ALLOTMENT.
Makes nonsubstantive changes to reletter subsections and conform references.

Makes nonsubstantive changes to reletter subsections and conform references.

Adopts house version.

Maintains current law except to clarify that adjustments to the vocational education allotment will be made in accordance with equalized proration provision.

Sec. 16.156. TRANSPORTATION ALLOTMENT.
Maintains current law.

Same, except removes the unnecessary term "state" from a reference to the commissioner of education.

Sec. 16.158. CAREER LADDER ALLOTMENT.
(e) As added, requires the commissioner to reduce the basic allotment by an amount that would result in a reduction of the state's share of the basic allotment sufficient to fund the career ladder allotment.

Changes CAREER LADDER ALLOTMENT to TEACHER COMPENSATION ALLOTMENT.
Each district is entitled to an allotment for teacher compensation equal to ADA multiplied by \$90. Allotment may be used only for paying salaries of teachers who were entitled to career ladder supplements. If the allotment exceeds the amount needed, a district shall use the excess to supplement salaries of other teachers.

Adopts house version.

Sec. 16.159. GIFTED AND TALENTED STUDENT ALLOTMENT.
Maintains current law.

Maintains current law except to provide that adjustments to the gifted and talented allotment will be made in accordance with equalized proration provision.

Adopts house version.

| SENATE VERSION | HOUSE VERSION | ACTION TAKEN |
|--|--|--------------------------------------|
| Sec. 16.160. TECHNOLOGY FUNDS. Maintains current law. | Same. | |
| SUBCHAPTER F. ACCOUNTABLE COSTS OF EDUCATION | | |
| Sec. 16.201. PURPOSE. Maintains current law. | Same. | |
| Sec. 16.202. STUDIES. Maintains current law. | Repeals Sec. 16.202. | Adopts house version. |
| Sec. 16.203. PROCEDURES. Maintains current law. | Repeals Sec. 16.203. | Adopts house version. |
| Sec. 16.204. NAVAL MILITARY FACILITY IMPACT. Repealed. | Same. | |
| Sec. 16.205. LIMIT ON ADMINISTRATIVE COSTS. (Replaces EFFICIENCY IN ADMINISTRATION REPORT.) Sets certain limits on administrative costs for districts in five size groupings and provides for deductions from tier one allotments or payments by a district for exceeding limits. | EFFICIENCY IN ADMINISTRATION REPORT. Maintains current law except eliminates the provision that the study on efficiency in administration is an element in the accountable costs studies; see Section 16.2551 for provision very similar to 16.205 in senate bill. | Substantially adopts senate version. |
| Sec. 16.206. COST ADJUSTMENTS. Repealed. | Same. | |
| SUBCHAPTER G. FINANCING THE PROGRAM | | |
| Sec. 16.251. FINANCING; GENERAL RULE. Changes references to county education districts to school districts. | Clarifies the components of the Foundation School Program. Changes references to county education districts | Adopts house version. |

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Sec. 16.252. LOCAL SHARE OF PROGRAM COSTS (TIER ONE).
Makes conforming changes. Changes references to county education districts to school districts; establishes \$0.90 tax rate to determine the local share of the Foundation School Program's costs.

Sec. 16.254. DISTRIBUTION OF FOUNDATION SCHOOL FUND.

(a) For each school year the commissioner is to determine the amount of money to which a school district is entitled under tiers one and two, the amount of each district's available school fund distribution, and the amount of each district's tiers one and two local shares.

(b) Requires the commissioner to base determinations under Subsection (a) on the estimates provided to the legislature under Sec. 16.2541 or different estimates provided by the General Appropriations Act.

to school districts.

Makes conforming changes. Changes references to county education districts to school districts. Establishes an \$0.86 effective tax rate to determine the local share of the Foundation School Program costs. Requires district to raise its total local share to be eligible for foundation school funds; provides that adjustments in taxable value by commissioner under this section shall be used in identifying districts with excessive wealth per student under Sec. 36.004.

(a) Provides that the commissioner of education will determine before September 1 of each odd-numbered year the amount necessary to operate the Foundation School Program, the amount of local funds required of each school district, and the amount of state available school funds to be provided.

(b) Requires the commissioner to base determinations under Subsection (a) on the estimate required by Sec. 16.2541.

Adopts house version.

Adopts senate version of Sec. 16.254 except Subsection (d) is modified to limit warrants to amount appropriated and Subsection (e) omits \$0.10 sliding scale.

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(c) Provides that each school district is entitled to an amount equal to the difference for that district between the sum of Subsections (a)(1) and (a)(2) (tiers 1 and 2 entitlements) and the sum of Subsections (a)(3), (a)(4), and (a)(5) (available school funds and tiers 1 and 2 local share).

(d) Requires the commissioner to approve warrants to each school district equaling the amount of its entitlement except as provided by this section. Requires warrants for all money expended according to this chapter to be approved and transmitted to the treasurers or depositories of school districts in the same manner that warrants for state payments are transmitted.

(e) Requires the commissioner to recompute the amount to which the district is entitled under Subsection (c) if a school district's tax rate is less than the limit authorized under this subsection. Establishes the method for determining a district's entitlement based on taxable value of property per WADA in comparison with the state average: a district with average wealth is limited to funding based on its tax rate in final year of preceding biennium; a district with below-average wealth is entitled to funding on a sliding scale up

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(c) Provides that the commissioner will notify each district of the initial amount of its entitlement of foundation school funds, which will be the difference between Subdivision (1) (amount necessary to operate Foundation School Program) and the sum of Subdivisions (2) and (3) (available school fund and local fund assignment share) of Subsection (a).

(d) Similar provision, with a reference to initial entitlement.

(e) Similar to senate version except entitles district with zero value of taxable property per WADA to an amount under this section not exceeding the amount to which the district is entitled at the district's tax rate for the current year and provides for a proportionately lower limit for other poor districts; no provision for a reserve account.

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to \$0.10 over that year's tax rate. Requires the commissioner to recompute the amount to which a district is entitled to the extent necessary under this section. Requires the commissioner to approve warrants to the school in the amount that results from the new computation. Requires an amount equal to the differences between the initial allocation and the amount of the warrants to be transferred to a special account in the foundation school fund known as the reserve account.

(f) Establishes the use for the funds transferred to the reserve account. Requires the commissioner to certify the amount of the difference between the amount in the reserve account and the amount of certain increases for the second year of state fiscal biennium to the foundation school fund budget committee not later than January 1 of the second year of the biennium. Requires the committee to propose to the legislature that the certified amount be transferred to the foundation school fund from the economic stabilization fund and appropriated for the purpose of increases in allocations under Subsection (h).

(g) Authorizes the commissioner to adjust funding to a district in a school year to the extent that funds are available, including funds in the reserve account, if the district demonstrates

(f) Requires commissioner to compute adjusted entitlements to school districts as data becomes available throughout fiscal year. Requires commissioner to inform each district of amount of difference between adjusted and initial entitlement.

(g) Requires commissioner to increase or reduce amount of state aid warrants for current year to a school district by amount of difference between adjusted and initial entitlement, not to exceed funds

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that the estimate of the district's tax rate, student enrollment, or taxable value of property used in determining state funds to which the district is entitled is so inaccurate as to result in undue financial hardship to the district. Prohibits the funds in the reserve account from being so used until any reserve funds have been used for purposes of Subsection (f).

(h) If the legislature fails to enact the transfer and appropriation under Subsection (f) and there are not funds available under Subsection (j), requires the commissioner to reduce the total amount of state funds allocated to each district by a method under which the application of the same number of cents of increase in tax rate in all districts applied to the taxable value of property of each district results in a total levy equal to the total reduction. Provides that the following fiscal year, a district's entitlement under this section is increased by an amount equal to the reduction made under this subsection. (See house version Subsection (i).)

(i) Requires the commissioner by March 1 of each year to determine the actual amount of state funds to which each school district is entitled and to compare that amount with the amount of the warrants issued to each district for that year. Requires the commissioner to

appropriated for current fiscal year.

(h) Requires commissioner to determine if amount appropriated for foundation school fund purposes will be sufficient to satisfy all estimated payments for second year of state fiscal biennium and, if not, the commissioner is required to certify that amount to the foundation school fund budget committee. The committee shall recommend that the legislature transfer that amount from the economic stabilization fund and other sources to the foundation school fund. (See senate version Subsection (f).)

(i) If the legislature fails to enact a transfer and appropriation or to appropriate additional funds, requires commissioner to reduce total tier 1 allotments to each district so that the amount of state aid for current year and adjustments for prior years equal amount

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adjust the district's entitlement for the next fiscal year if the amount of the warrants differs from the amount to which a district is entitled for certain other considerations.

(j) Authorizes the legislature to appropriate funds necessary for increases under Subsection (i) from funds that the comptroller finds are available.

(k) Requires the commissioner to compute the amount by which a district's allocation of state funds is increased or reduced under Subsection (i) and certify that amount to the district.

(l) Requires the commissioner to compute the amount by which a district's total revenue is reduced from one school year to the next because of a change in the method of finance. Requires the commissioner to certify the amount of the reduction to the district for use in determining the district's rollback tax rate.

(m) Establishes that WADA is calculated in the manner provided by Section 16.302.

of foundation school funds available and so each district's share of reduction is equal to district's share of taxable value of property and adjust warrants accordingly. Provides for increasing a district's allotments by the amount of the reduction in the following fiscal year. (See senate version Subsection (h).)

(j) Provides that if the legislature appropriates any of funds required under Subsection (h), the commissioner shall increase warrants to districts immediately.

Authorizes commissioner to adjust a district's current year entitlements if district is egregiously harmed or benefitted by computation error in initial entitlement, including estimates under Section 16.2541. (See senate version Subsection (g).)

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Repeals current Subsections (b)-(e).

Sec. 16.2541. ESTIMATES REQUIRED.

(a) Requires that estimates of tax rates, student enrollment, and property values be submitted by the Central Education Agency and the comptroller by October 1 of each even-numbered year.

(b) Requires the Central Education Agency and the comptroller to update the information provided under Subsection (a) by March 1 of each odd-numbered year.

Sec. 16.255. FALSIFICATION OF RECORDS; REPORT.

Retains current law.

See very similar provision added in Section 16.205.

Repeals current Sections (d) and (e).

(a) Same, except does not include a reference to estimate of tax rate.

(b) Same.

Same.

Sec. 16.2551. LIMIT ON ADMINISTRATIVE COSTS.

Establishes administrative costs limits by authorizing the commissioner to determine an administrative cost ratio of school districts annually. One administrative cost ratio will be set for districts with 1,600 students or fewer, and another for districts with more than 1,600 students. The commissioner may consider adjustments for sparse districts and students with special needs. If a district exceeds the ratio, the amount by which the district exceeded the ratio will be deducted from the district's tier one allotments or will be paid by the district.

Adopts senate version as Sec. 16.205.

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Sec. 16.256. FOUNDATION SCHOOL FUND
BUDGET COMMITTEE.

(a) Same.

(a) Makes a nonsubstantive change.

(b) Requires the budget committee to determine and certify to the comptroller an amount of money to be placed in the foundation school fund for the succeeding biennium on or before December 1, rather than November 1, before each regular session.

(b) Makes nonsubstantive change.

(f) Eliminates reference to 1992 and changes from November to December date for reporting equalized funding elements.

(f) Eliminates reference to 1992.

(g) Deletes transition provision.

(g) Same.

Sec. 16.258. EFFECT OF APPRAISAL APPEAL.
Maintains current law.

Same.

Sec. 16.260. FOUNDATION SCHOOL FUND
TRANSFERS.

Same.

(c) and (d) Clarifying changes.

SUBCHAPTER H. GUARANTEED YIELD
PROGRAM (TIER TWO)

Sec. 16.301. PURPOSE.
Maintains current law.

Same.

Sec. 16.302. ALLOTMENT.

(a) Changes structure of guaranteed yield for tier two. Provides that for each WADA, each district is guaranteed a specified amount in state and local funds

Maintains basic structure of current guaranteed yield for tier two. Establishes \$22 as the guaranteed level of state and local funds per WADA per cent of tax effort. Eliminates language

Adopts house version, except guaranteed yield is \$20.55.

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for each cent of tax effort over the tax effort required for tier one local fund assignment under Sec. 16.252 up to the maximum level specified in this subchapter. Provides that for each cent of tax effort under this section up to 30 cents, a district is entitled to an amount equal to \$20 per WADA. Establishes the formula for determining the amount per WADA a district is entitled to for each incremental cent of tax effort greater than 30 cents and up to 60 cents. Repeals current formula for determining state support and references to county education districts.

Current Subsection (b) repealed. Added Subsection (b) contains WADA definition.

(c) Authorizes the funding elements provided by this section to be increased by the foundation school fund budget committee or modified by appropriation.

Sec. 16.303. LOCAL SHARE OF PROGRAM COST (TIER TWO). Establishes the formula for determining each school district's local share of program costs under this subchapter. Repeals limitations on enrichment and facilities tax rate.

Sec. 16.304. COMPUTATION OF AID FOR DISTRICT ON MILITARY RESERVATION OR AT STATE SCHOOL. Maintains current law.

regarding the guaranteed yield amount in specific school years. Clarifies the definition of the district enrichment and facilities tax rate. Changes reference from career ladder to teacher compensation. Repeals references to the county education districts.

(b) Repealed.

No similar provision.

LIMITATION ON ENRICHMENT AND FACILITIES TAX RATE. Provides that the enrichment and facilities tax rate may not exceed \$0.42.

Same.

Adopts house version, except enrichment and facilities tax rate may not exceed \$0.64.

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SUBCHAPTER I. CAPITAL OUTLAY AND DEBT
SERVICE

Sec. 16.401. INVENTORY OF SCHOOL
FACILITIES.
Maintains current law.

Same.

Sec. 16.402. STANDARDS.
Maintains current law.

Same.

Sec. 16.403. ADVISORY COMMITTEE.
Maintains current law.

Same.

Repeals existing Subchapter J (County
Education District Distributions).

Same.

SECTION 2. Amends Sec. 11.86(a),
Education Code, to eliminate references
to CEDs.

SECTION 4.01. Same as senate version,
but also provides for adjustments in the
value study to account for school
district boundary changes under Chapter
36, Education Code, and provides that
school tax abatements made on or after
May 31, 1993, are not included in school
district tax base reductions under the
study.

SECTION 4.01. Adopts house version.

SECTION 3. Amends Sec. 14.063(b) and
(e), Education Code, as follows:

SECTION 2.02. Substantially the same as
senate version.

SECTION 2.02. Adopts house version.

(b) Provides that each school district
is entitled to an annual technology
allotment equal to its unadjusted ADA
multiplied by \$30 or a greater amount
provided by appropriation. Deletes a
schedule of allotment rates for various
school years.

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(e) Makes conforming changes.

SECTION 4. Amends Subchapter B, Chapter 19, Education Code, by adding Sec. 19.028 as follows:

No similar provision.

SECTION 1.01(part). Adopts modification of senate version as Subchapter G, Chapter 36, Education Code, providing for detachment and annexation of property among certain school districts to achieve targeted range of taxable wealth per WADA.

Sec. 19.028. DETACHMENT AND ANNEXATION TO REDUCE VARIATIONS IN PROPERTY VALUE.

(a) To the extent necessary to reduce variations in property value per student among school districts, requires the commissioner, with the approval of the foundation school fund budget committee, to order the detachment of property from and the annexation of property to school districts. Provides that a detachment and annexation of real property applies to taxable personal property having taxable situs in the same location. Provides rules for detachment and annexation of portions of a property.

(b) Authorizes the commissioner to detach and annex property only under certain conditions including limiting detachment to districts with taxable property per WADA in excess of \$280,000, and limits the types of property that may be detached and annexed.

(c) Limits detachment of property to allow districts to maintain certain

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revenue levels.

(d) Requires the commissioner to consider the likelihood that property would need to be transferred again.

(e) Establishes priorities among school districts for annexing property.

(f) Establishes procedure commissioner and foundation school fund budget committee are to follow in making detachment and annexation determinations; establishes deadlines and notice requirements.

(g) Provides that a decision or determination of the commissioner or the committee is final and not appealable. Provides that other detachment or annexation actions under Chapter 19, Education Code, do not affect a decision of the commissioner under this section. Provides that the Administrative Procedure and Texas Register Act does not apply to a decision of the commissioner or the committee under this section.

(h) Provides for subsequent detachments and annexations to maintain taxable value levels of property in certain affected districts.

(i) Provides when detachment and annexation takes effect for school funding and tax purposes.

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(j) For school attendance purposes, provides for residency of a student residing in area of detached property and makes related state fund allocations.

(k) Addresses authority of districts concerning bond taxes on transferred property and directs commissioner to consider bond taxes in annexation determinations.

(l) Requires chief appraisers to cooperate with the commissioner.

(m) Requires a school district, on request, to send certain tax information to certain persons.

(n) Provides that a school tax abatement agreement applies to the taxation of the property in the district to which the property is annexed.

(o) Defines WADA for this section and provides that the taxable value of property is determined as provided by Section 11.86.

SECTION 5. Amends Subchapter I, Chapter 19, Education Code, by adding Section 19.202, to authorize certain school districts to adjust their boundaries by agreement, subject to approval by the commissioner.

See generally similar provision in SECTION 1.01 of house version, new Chapter 36, Subchapter C, Education Code.

See SECTION 1.01, adding new Subchapter C, Chapter 36, Education Code.

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SECTION 6. Amends Section 20.09, Education Code, as follows:

Sec. 20.09. TAX LIMITATIONS.

(a) Prohibits a school district from imposing a maintenance and operations tax rate that exceeds \$1.50.

Deletes tax rate schedule for specific years.

(b) Substitutes school district tier one taxes for CED taxes. Deletes existing Subsections (c) and (d).

SECTION 7. Amends Sec. 20.86(b), Education Code. Makes conforming changes.

SECTION 8. Amends Sec. 20.88, Education Code. Makes conforming changes.

SECTION 9. Amends Sec. 21.032(c), Education Code, to require a student enrolled in a public school district, unless specifically exempted, to attend an extended year program or certain tutorial classes. Requires a district to provide related transportation services. Makes conforming changes. Provides for promotion of a student who attends at least 85 percent of the program days of a program under this section and makes other provisions relating to student promotion.

SECTION 2.03. Amends Secs. 20.09(a) and (b), Education Code, as follows:

(a) Prohibits a school district from imposing a total tax rate that exceeds \$1.50 without voter approval. Deletes tax rate schedule for specific years.

(b) Substitutes school district taxes for CED taxes.

No similar provision.

No similar provision.

SECTION 3.03. Amends Section 21.032(c), Education Code, to require an eligible student to attend an extended year program for students not likely to be promoted. Requires a district to provide related transportation services.

SECTION 2.03. Substantially adopts house version.

Adopts house version.

Adopts house version.

SECTION 3.01. Adopts house version, but omits reference to students covered.

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|---|--|---|
| SECTION 10. Amends Sec. 21.502, Education Code, to amend the definition of "special teaching" to include mainstream settings. | No similar provision. | SECTION 3.02. Adopts senate version. |
| SECTION 11. Amends Sec. 21.506(b), Education Code, to make conforming changes. | No similar provision. | SECTION 3.03. Adopts senate version. |
| SECTION 12. Amends Subchapter N, Chapter 21, Education Code, by adding Section 21.513 as follows: Sec. 21.513. PILOT PROGRAM FOR INCLUSION. Requires the Central Education Agency to establish procedures and criteria for the allocation of certain special education funds to establish a pilot program for the inclusion of students with disabilities in the regular classroom. | No similar provision. | Adopts house version. |
| SECTION 13. Amends Subchapter O, Chapter 21, Education Code, by adding Sec. 21.562 as follows: Sec. 21.562. OPTIONAL EXTENDED YEAR PROGRAM. (a) Authorizes a school district with commissioner approval to provide an extended year program for up to 30 days for students in kindergarten through grade eight who are identified as likely not to be promoted. | SECTION 3.02. Adds similar Sec. 21.562. OPTIONAL EXTENDED YEAR PROGRAM. (a) Similar to senate version except program may be up to 45 days long. | SECTION 3.04. Adopts senate version in substance as Sec. 21.562. STATE-FUNDED OPTIONAL EXTENDED YEAR PROGRAM. SECTION 3.04. Adopts house version in substance as Sec. 21.563. OPTIONAL EXTENDED YEAR PROGRAM, and provides that funds appropriated for Section 21.562 aren't eligible to fund programs under Section 21.563. |

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(b) Authorizes the commissioner to adopt related rules.

(c) Prohibits a district from enrolling more than 12 students in an extended year program class.

(d) Requires each class to be taught by a qualified teacher.

(e) Requires a student who attends at least 85 percent of the program days of a program to be promoted and makes other provisions relating to student promotion.

(f) Requires a school district that provides a program under this section to adopt a policy to reduce and eliminate student retention.

(g) Limits programs to pilot programs in the next two years. Prohibits the state share of a pilot program from exceeding the amount appropriated for program purposes. Authorizes pilot program funds to be used for related transportation. Provides that this subsection expires September 1, 1995.

SECTION 14. Amends Sec. 1.04(12), Tax Code, by removing county education districts (CEDs) from the definition of "taxing unit."

(b) Allows regular school year to be shortened to allow for extended year program funds.

(c) Same as senate version (b).

SECTION 4.04. Same as senate version.

SECTION 4.04. Adopts senate version.

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SECTION 15. Amends Sec. 6.02, Tax Code, by amending Subsections (b) and (f), and adding Subsection (g), as follows:

(b) Provides that the choice of a school district to participate in a single appraisal district does not apply to property annexed to the school district under Sec. 19.028, Education Code, unless the school district taxes other property in the same county as the annexed property, or the annexed property is contiguous to other property in the school district.

(f) Provides that all costs of operating an appraisal district in territory outside the county for which the appraisal district is established are allocated to the taxing units for which the appraisal district appraises property in that territory. Makes conforming changes.

(g) Requires the appraisal district established for a county to which property is annexed under Sec. 19.028, Education Code, to appraise the property for the school district. Provides that the school district participates in that appraisal district for purposes of the appraisal of that property, except as otherwise permitted by Subsection (b).

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SECTION 4.05. Amends same sections as senate version as follows:

(b) Same as senate version for property annexed to a school district by agreement under Subchapter C, Chapter 36, Education Code.

(f) Same as senate version.

(g) Substantially the same as senate version for property annexed under Subchapter C, Chapter 36, Education Code.

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SECTION 4.05. Amends same sections as senate version as follows:

(b) Adopts senate version for property annexed to a school district under Subchapter C or G, Chapter 36, Education Code.

(f) Adopts senate version.

(g) Adopts senate version in substance for property annexed under Subchapter C or G, Chapter 36, Education Code.

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SECTION 16. Amends Sec. 6.03, Tax Code, by amending Subsections (c) through (e) and adding Subsection (m) as follows:

(c)-(e) removes references to CEDs.

(m) Provides an exception to Subsection (a) relating to the eligibility of a person for appointment to the board of directors of an appraisal district.

SECTION 17. Amends Sections 6.06(d) and (h), Tax Code, to remove CED references and provisions.

SECTION 18. Amends Sections 11.13(d), (e), (m), and (n), Tax Code, to remove CED provisions.

SECTION 19. Amends Sections 11.14(c) and (e), Tax Code, to remove CED provisions.

SECTION 20. Amends Section 21.01, Tax Code, to make conforming amendment relating to detachments and annexations under Section 19.028, Education Code.

SECTION 21. Amends Section 21.02, Tax Code, as follows:

(a) Makes conforming changes.

(b) Provides for the taxation of personal property having taxable situs on

SECTION 4.06. Amends Secs. 6.03(c) through (e), Tax Code, as follows:

(c)-(e) same as senate version.

No similar provision.

SECTION 4.07. Same as senate version.

SECTION 4.08. Same as senate version.

SECTION 4.09. Same as senate version.

SECTION 4.10. Amends Sec. 21.01, Tax Code, to make similar conforming amendment as senate version for voluntary detachments and annexations under Subchapter C, Chapter 36, Education Code.

No similar provision.

SECTION 4.06. Adopts modified senate version.

SECTION 4.07. Adopts senate version.

SECTION 4.08. Adopts senate version.

SECTION 4.09. Adopts senate version.

SECTION 4.10. Adopts senate version for Chapter 36, Education Code, changes in school district territory.

SECTION 4.11. Adopts modified senate version for Chapter 36, Education Code, changes in school district territory.

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detached and annexed real property.

SECTION 22. Amends Section 25.25, Tax Code, by adding Subsection (h) to require the chief appraiser to change the appraisal records and rolls promptly to reflect the detachment and annexation of property among school districts.

SECTION 23. Amends Section 26.08, Tax Code, by adding Subsections (k), (l), and (m), to provide certain limits on voters' ability to petition for school district tax rollback elections and limit tax rates.

SECTION 24. Amends Section 317.005(f), Government Code, by making a conforming change.

SECTION 25. Amends Subchapter E, Chapter 825, Government Code, by adding Section 825.4051, as follows:

Sec. 825.4051. CONTRIBUTIONS BY CERTAIN SCHOOL DISTRICTS.

(a) Requires a school district with a taxable value of property greater than \$280,000 per student in WADA or an amount provided by appropriation to pay the state contributions to the teacher retirement system for employees of the district.

(b) Provides that the state guarantees a

SECTION 4.11. Same as senate version for voluntary detachments and annexations.

SECTION 2.04. Amends Section 26.08, Tax Code, to redefine the rollback tax rate for school districts based on total state and local funds, make election automatic if rollback rate exceeded, and apply rollback limit to current year rather than to following year as in current law.

SECTION 4.03. Same as senate version.

No similar provision.

SECTION 4.12. Adopts senate version for Chapter 36, Education Code, detachments and annexations.

SECTION 2.04. Adopts house version.

SECTION 4.03. Adopts senate version.

Adopts house version.

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district's payment of the district's obligation to the retirement system and may take action to enforce that obligation.

(c) Requires a district to pay the state contributions to the greatest extent that permits the district, by imposing a tax rate of \$1.50, to have available the same amount of revenue per student in WADA for maintenance and operation of the district, excluding certain reserves, that the district spent in the 1992-1993 school year.

(d) Provides that a determination of the commissioner under this section is final and not appealable and that the Administrative Procedure and Texas Register Act does not apply.

(e) Provides for the calculation of WADA.

SECTION 26. Repeals the following provisions relating to county education districts:

(1) Section 1.05 and Subchapter G, Chapter 20, Education Code; and

(2) Sections 6.061(f), 26.12(e), and 312.002(e), Tax Code.

SECTION 4.12. Same.

SECTION 4.13. Adopts senate version.

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SECTION 27. Provides special dates for the commissioner to make determinations and notify affected school districts relating to detachment and annexation of property under Section 19.028, Education Code, for the 1993-1994 school year.

No similar provision.

Adopts house version.

SECTION 28. Provides that, in case of a conflict, the funding provisions for an optional extended year program as provided by this Act control over any other funding provisions for the program enacted by the 73rd Legislature during its regular session.

No similar provision.

SECTION 2.05. Adopts senate version.

SECTION 29. Requires certain foundation school program determinations to be made based on estimates provided by the Legislative Budget Board model run, number ____.

No similar provision.

SECTION 2.06. (a) Adopts senate version as modified to include model run number.

SECTION 30. Abolishes CEDs effective September 1, 1993.

SECTION 4.13. Same as senate version.

SECTION 4.14. Adopts senate version.

SECTION 31. Provides for the transfer of funds, assets, records, contracts, and liabilities of CEDs and for treatment of delinquent CED taxes.

SECTION 4.14. Same as senate version, except makes special provision for certain penalties.

SECTION 4.15. Adopts house version.

SECTION 32. Provides that this Act applies to taxes imposed on or after January 1, 1993. Provides that changes in the funding of public schools and compensation of school district personnel made by this Act apply beginning with the 1993-1994 school year.

SECTION 9.01. Provides effective dates for certain provisions of House Version, provides that certain school funding and school program changes apply beginning with the 1993-1994 school year, and that this Act applies to taxes imposed on or after January 1, 1993.

SECTIONS 1.05, 2.08, 3.06, 4.16, 5.02, 6.04, 7.14, 8.37, and 9.01 provide effective dates to conform to adoption of house and senate versions.

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SECTION 9.02. Provides for implementation of provisions relating to school district administrative costs and district report cards.

See generally similar provisions in Sections 36.002(b)-(d), Education Code, as added by SECTION 1.01.

SECTION 9.03. Emergency clause for Act to take effect according to its terms.

ARTICLE 1

SECTION 1.01. Adds Chapter 36 to Title 2, Education Code, as follows:

Chapter 36. Equalized Wealth Level Subchapter A. General Provisions

Sec. 36.001. DEFINITIONS. Defines "equalized wealth level," "wealth per student," and "weighted average daily attendance" (WADA).

Adopts house version with modifications in Sections 36.002(b)-(c), Education Code, as added by SECTION 1.01.

SECTION 9.02. Adopts house version.

SECTION 1.01. Adopts house version with modifications, including those indicated:

Modifies WADA definition.

SECTION 33. Provides that property may be detached under new Section 19.028, Education Code, from a school district only to the extent that the total amount of taxes per WADA that the district can impose for M&O at an effective tax rate of \$1.25 after detachment is not less than the amount of taxes per WADA spent by the district in the 1992-93 school year for M&O, not including reserves for facilities. Provides that this section expires August 31, 1994.

SECTION 34. Emergency clause for immediate effect.

No similar provision except as indicated:

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Sec. 36.002. EQUALIZED WEALTH LEVEL.

(a) Except as provided under Subsection (b), (c), or (d), a school district may not have a wealth per student that exceeds \$280,000.

(b) Provides an exception for 1993-94 school year.

(c) Provides an exception for 1994-95 school year.

(d) Provides an exception for 1995-96 and subsequent years.

(e) Defines effective tax rate.

Sec. 36.003. OPTIONS TO ACHIEVE EQUALIZED WEALTH LEVEL.

A school district with a wealth per student that exceeds the equalized wealth level may take any combination of the following actions to achieve the equalized level:

- (1) consolidate by agreement
- (2) detachment and annexation by agreement
- (3) purchase of attendance credit
- (4) contract for education of nonresident students
- (5) tax base consolidation

(b) Modifies the tax rate provided by the exception.

(c) Combines the exceptions provided by Subsections (c) and (d), with modifications.

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Sec. 36.004. ANNUAL REVIEW OF PROPERTY WEALTH.

(a) By July 15 of each year the commissioner of education shall review and notify a school district if its wealth per student exceeds the equalized wealth level, and notify other school districts of possible consolidation.

(b) If before the following September 1 the district has not chosen one of the five options, the commissioner shall order the consolidation of the district with one or more other districts as provided by Subchapter G.

(c) A school district notified under Subsection (a) may not adopt a tax rate for the tax year in which the district receives the notice until the commissioner makes certain certifications.

(d) Consolidation or detachment and annexation of property is effective for foundation school program funding purposes for the school year that begins in the calendar year in which the consolidation or detachment and annexation is agreed to or ordered and applies to the ad valorem taxation of property beginning with the tax year in which the agreement or order is effective.

(b) Modifies house version to incorporate detachment and annexation of property under Subchapter G (see SECTION 4 of senate version).

(c) Makes a technical change.

(d) Makes a technical change.

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(e) The Administrative Procedure and Texas Register Act does not apply to a determination of the commissioner under this section.

(e) See similar Section 36.011(c).

Sec. 36.005. COMPTROLLER AND APPRAISAL DISTRICT COOPERATION.

The chief appraisers and the comptroller shall cooperate in implementing Chapter 36.

Sec. 36.006. RULES.

(a) The commissioner of education may adopt rules necessary for implementation of Chapter 36, including necessary adjustments.

Adopts house version with modifications.

(b) As necessary for the effective and efficient administration of Chapter 36, the commissioner may extend effective dates and time periods.

Sec. 36.007. COMMISSIONER TO APPROVE SUBSEQUENT BOUNDARY CHANGES.

Subsequent boundary changes of affected districts are subject to certification that a district will not result in excess wealth.

Sec. 36.0075. Provides for adoption of homestead exemptions by consolidated districts.

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Sec. 36.008. TAX ABATEMENT.

(a) Tax abatement agreements executed by a school district are not affected and apply to the taxation of the property covered by the agreement as if executed by the district within which the property is included.

(b) Wealth per student is determined as if any tax abatement agreement executed by a district on or after May 31, 1993, had not been executed.

Sec. 36.0085. TAX INCREMENT OBLIGATIONS. School tax increments under Chapter 311, Tax Code, are not affected by consolidation or annexation.

Sec. 36.009. CONTINGENCY.

(a) If a court finds that any of the options are invalid, a school district may choose from one of the remaining options.

(b) If a court holds invalid each of the options, the commissioner shall act under Subchapter G to achieve the equalized wealth level after 30 days' notice and a hearing.

Sec. 36.010. DATE OF ELECTIONS.

Provides for setting of date for election to approve an agreement by board within 45 days of agreement.

Adopts house version with modifications, including provision for court-ordered refunds to certain school districts.

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Sec. 36.011. TAXES PAID.
Provides consolidation or detachment and annexation does not affect certain taxes.

Provision relating to taxes paid deleted and provisions relating to appeals, orders, rules, and the nonapplicability of the Administrative Procedure and Texas Register Act are added.

Subchapter B. Consolidation by Agreement

Sec. 36.031. AGREEMENT.
The governing boards of any two or more school districts may consolidate the districts by agreement to establish a consolidated district with a wealth per student equal to or less than the equalized wealth level, subject to commissioner certification.

Sec. 36.032. GOVERNING LAW.
Except as modified by the agreement, the consolidated district is governed by applicable provisions of Subchapter C, Chapter 19. The agreement may not be inconsistent with Subchapter B, Chapter 36.

Adds provision relating to contiguity.

Sec. 36.033. GOVERNANCE PLAN.
The agreement among consolidating districts may preserve community-based and site-based decision making, including delegating powers of the governing board other than levying a tax. The governance plan may provide for a transitional board for the first year, but the second year the board must be elected from within the consolidated boundary from single-member districts.

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Sec. 36.034. INCENTIVE AID.

(a) For the first and second years after voluntary consolidation, districts shall receive continued cost of education, small district, and sparsity adjustments for the component districts.

(b) Districts receiving funds under this section are not entitled to incentive aid under Subchapter G, Chapter 23.

Subchapter C. Detachment and Annexation by Agreement

Sec. 36.061. AGREEMENT.

By the agreement of the governing boards of any two school districts, territory may be detached from one district and attached to the other district so that the wealth per student of each district is equal to or less than the equalized wealth level. This agreement is valid when certified by the commissioner of education.

Makes modification to address the wealth per student of the district to which territory is annexed.

Sec. 36.062. GOVERNING LAW.

Except as outlined in this subchapter, detachment and annexations are governed by Chapter 19.

Adds a provision relating to contiguity.

Sec. 36.063. ALLOCATION OF APPRAISED VALUE OF DIVIDED UNIT.

Provides for appraisal and taxable value allocations of property in multiple school districts.

See generally similar provision in SECTION 5 of Senate Version, new Sec. 19.202, Education Code.

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Sec. 36.064. ALLOCATION OF INDEBTEDNESS.
Allows annexation agreement to allocate
to the receiving district indebtedness
from the other district.

Sec. 36.065. NOTICE.
The districts shall notify affected
property owners and the appropriate
appraisal district.

Subchapter D. Purchase of
Attendance Credit

Sec. 36.091. AGREEMENT.
A school district with a wealth per
student that exceeds the equalized wealth
level may execute an agreement with the
commissioner of education to purchase
attendance credits in order to bring the
wealth per student equal to or less than
the equalized wealth level.

Sec. 36.092. CREDIT.
One credit equals an increase by one
student in weighted average daily
attendance to determine whether the
district exceeds the equalized wealth
level. Credits are not used in
determining a school district's
scholastic population, average daily
attendance, or weighted average daily
attendance for purposes of Chapter 15 or
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Sec. 36.093. COST.

The cost of a credit equals the district's total tax revenue per weighted student in average daily attendance.

Makes modification in definition.

Sec. 36.094. PAYMENT.

A payment schedule for credits is set by the commissioner of education, with all payments being made not later than the next February 15. Credit payments are deposited in the state treasury to the credit of the foundation school fund.

Modification allowing for receipts to be used only for foundation school program purposes.

Sec. 36.095. DURATION.

An agreement is valid for one year with voter approval and may be renewed annually.

Sec. 36.096. VOTER APPROVAL.

(a) The board of trustees shall hold an election to obtain voter approval of the agreement.

(b) Ballot language.

(c) The agreement is ratified if a majority votes to approve it. The board has continuing authority to execute agreements on behalf of the district without further voter approval.

Subchapter E. Contract for
Education of Nonresident Students

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Sec. 36.121. AGREEMENT.

The board of trustees of a district with wealth per student that exceeds the equalized wealth level may agree to educate students of another district until the weighted average daily attendance of the students served reduces the district's wealth per student to an amount that is equal to or less than the equalized wealth level. The agreement is valid when certified by the commissioner of education to meet certain standards.

Sec. 36.122. VOTER APPROVAL.

(a) The board of trustees shall hold an election to obtain voter approval of the agreement.

(b) Ballot language.

(c) The agreement is ratified if a majority votes to approve it. Upon approval, the board has continuing authority to execute agreements under this subchapter without further voter approval.

Sec. 36.123. WADA COUNT.

For the purposes of Chapter 16, the students are counted only in the weighted average daily attendance of the district providing the services.

Subchapter F. Tax Base Consolidation

Sec. 36.151. AGREEMENT.

The board of trustees of two or more districts may agree to conduct an election on the creation of a consolidated taxing district for the maintenance and operation of the component school districts. The agreement is subject to commissioner of education certification that the consolidated taxing district has a wealth per student equal to or less than the equalized wealth level.

Sec. 36.152. DATE OF ELECTION.

The agreement must provide for the ordering of an election to be held on the same date in each district.

Sec. 36.153. PROPOSITION.

(a) Ballot language.

(b) Provides for the tax rate in the proposition.

Sec. 36.154. APPROVAL.

If the proposition receives a favorable vote of the majority of the votes cast within each participating school district, it is approved.

Sec. 36.155. CONSOLIDATED TAXING DISTRICT.

A consolidated taxing district is a school district established for the purpose of exercising taxing power authorized by Article VII, Section 3, of

the Texas Constitution and distributing the revenue to its component school districts.

Sec. 36.156. GOVERNANCE.

(a) The consolidated taxing district is governed by the boards of the component school districts meeting jointly.

(b) Action taken by the joint board must be approved by a majority of each component district's board.

Sec. 36.157. MAINTENANCE TAX.

(a) The joint board levies a maintenance tax for the component districts by September 1 of each year or as soon thereafter as practicable.

(b) Each component district is responsible for the costs of assessing and collecting taxes in proportion to the component's share of WADA in the consolidated taxing district.

(c) A component district may not levy its own taxes for M&O.

(d) A consolidated taxing district may levy a maintenance tax rate that exceeds \$1.50 to pay certain obligations made prior to May 12, 1993.

Sec. 36.158. REVENUE DISTRIBUTION.

Maintenance tax revenue is distributed based on the WADA in the component

districts.

Sec. 36.159. TAXES OF COMPONENT DISTRICTS.

(a) The governing board of a component school district of a taxing district that has consolidated for maintenance and operations may continue to levy its own bond taxes.

(b) A component district levying a bond tax is entitled to the guaranteed yield for that portion of its tax rate that when added to the consolidated district's tax rate does not exceed the limitations established by Sec. 16.303, the guaranteed yield program.

Sec. 36.160. OPTIONAL TOTAL TAX BASE CONSOLIDATION.

(a) An agreement for tax base consolidation may provide for total tax base consolidation instead of consolidation for maintenance and operation only.

(b) Under an agreement for total tax base consolidation:

(1) the component districts may not levy maintenance or bond taxes, except to retire bonds or other obligations issued before the effective date of consolidation; and

(2) the joint board may issue bonds and levy, pledge, and collect

(b) Adds taxing authority language to ballot proposition.

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ad valorem taxes to pay the principal of and interest on bonds and issue refunding bonds, as provided by Chapter 20 for independent school districts. The ballot language must so state.

(c) An agreement for total tax base consolidation may provide for the consolidated taxing district to assume all of the indebtedness of all component districts. The ballot language must so state.

**Subchapter G. Consolidation by
Commissioner of Education**

No similar provision.

Sec. 36.181. COMMISSIONER ORDER.
If the commissioner is required to order consolidation of districts, the order shall be effective on a date determined by the commissioner, but not later than the earliest practicable date after November 1.

No similar provision.

Sec. 36.182. SELECTION CRITERIA.
(a) The commissioner shall select one or more districts with a wealth per student that, when consolidated with a district that has a property wealth greater than the equalized wealth, will result in a consolidated district with a wealth per student equal to or less than the equalized wealth level. Consolidation priority list:
(1) the contiguous district that

(c) Adds taxing authority language to ballot proposition.

Adopts house version with modifications as Subchapter H.

Adopts house version as Sec. 36.251 with modification in effective date of order.

Adopts house version as Sec. 36.252.

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has the lowest wealth per student and is located in the same county;
(2) to the district that has the lowest wealth per student and located in the same county;
(3) to a contiguous district with a property wealth below the equalized wealth level that has requested the commissioner to consider it for consolidation;
(4) to include as few districts as possible that fall below the equalized wealth level within the consolidation order that have not requested the commissioner to be included;
(5) to the district that has the lowest wealth per student and is located in the same regional education service center area;
(6) to a district that has a tax rate similar to that of the district that has a property wealth greater than the equalized wealth level.

(b) In consolidating districts, the commissioner may not select a district that has been created as a result of consolidation by agreement.

(c) If more than two districts are consolidated, the commissioner shall select the subsequent district(s) to be consolidated by treating the district that has property wealth greater than the

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No similar provision.

equalized level and the districts previously selected for consolidation as one.

Sec. 36.183. PROCEDURE.

(a) A decision of the commissioner is appealable under Sec. 11.13(c), Education Code.

(b) Commissioner's orders have an immediate effect and may not be stayed or enjoined pending appeal.

(c) The Administrative Procedure and Texas Register Act does not apply to a commissioner's consolidation decision.

(d) The secretary of state, on request of the commissioner, shall publish rules adopted for consolidation.

Adopts house version, with conforming change, as Sec. 36.011.

No similar provision.

Sec. 36.184. GOVERNANCE.

(a) A district consolidated under this subchapter is governed by a transitional board of trustees with one representative of the board of each consolidating district. If there is an even number of consolidating districts, the district with the greatest student membership is entitled to two representatives.

(b) The transitional board shall divide the consolidated district into nine single-member trustee districts and order an election for the initial board to be

Adopts house version, with change in composition of transitional board, as Sec. 36.253.

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held on the next January uniform election date.

(c) Members of the board serve staggered terms of office for four years.

(d) Sec. 19.058 applies to consolidated districts.

No similar provision.

Sec. 36.185. DISSOLUTION OF CONSOLIDATED DISTRICT.

Adopts house version as Sec. 36.254.

(a) If ad valorem taxes are abolished for public school maintenance and operation and another funding method for public education is adopted, with the approval of the majority of the board and voter approval, the board of a consolidated district may dissolve.

(b) If dissolved, former districts are restored.

(c) Title to real property of consolidated district is allocated to the restored district where the property is located.

(d) Restored districts are liable for the following:

(1) indebtedness that relates to real property allocated to the district; and

(2) a proportionate share of indebtedness that does not relate to real property.

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(e) Fund balances, personal property, and indebtedness of the dissolved district are apportioned to the restored districts based on ADA.

No similar provision.

Sec. 36.186. FUND BALANCES.
Fund balances of a consolidated school district can only be used for the benefit of the schools within the district.

Adopts house version, with clarification, as Sec. 36.255.

No similar provision.

Sec. 36.187. EMPLOYMENT CONTRACTS.
A consolidated school district must honor all employment contracts entered into by a consolidating district.

Adopts house version as Sec. 36.256.

No similar provision.

Sec. 36.188. APPLICATION OF SMALL AND SPARSE ADJUSTMENT AND TRANSPORTATION ALLOTMENT.

The consolidated district's budget must apply the benefit of the adjustment or allotment to the schools consolidating to which Sections 16.103, 16.104, and 16.156 would have applied if the consolidated district still qualifies.

Adopts house version as Sec. 36.257.

No similar provision.

SECTION 1.02. Amends Chapter 18, Education Code, to provide that no county unit system may be created after May 1, 1993. Repeals provisions relating to creations.

SECTION 1.02. Adopts house version.

No similar provision.

SECTION 1.03. This section applies to actions in 1993 to achieve equalized wealth under Chapter 36, Education Code. The commissioner shall determine wealth per student by August 30, 1993, using

SECTION 1.03 ~~and 1.04~~. Adopts house version with modifications to take into account mandatory detachments and annexations under the revised Subchapter G, and to provide reasonable

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wealth and weighted student data from the current year or the preceding year. The commissioner shall immediately notify districts to be consolidated. If on November 8, 1993, a school district has not achieved equalized wealth, the commissioner shall order consolidation.

implementation of Chapter 36, Education Code.

No similar provision.

SECTION 1.04. IDEAL SCHOOL DISTRICT COMMISSION.

Established a commission composed of five members each from the house and the senate and one person appointed by the governor. Commission will analyze standards for maximum and minimum sizes for school districts and report to the 74th Legislature.

Adopts senate version.

No similar provision.

SECTION 3.01. Adds Sec. 21.259 to Subchapter H, Chapter 21, Education Code, as follows:

SECTION 7.01 (part). Adopts house version as Sec. 35.043, Education Code.

Sec. 21.259. CAMPUS REPORT CARD.

(a) Central Education Agency is required to distribute annual campus report card comparing each campus to various standards.

(b) Specifies items report cards must include.

(c) Provides for dissemination of report cards to parents and others.

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| No similar provision. | <p>SECTION 3.04. Amends Subchapter Z, Chapter 21, Education Code, by adding Sec. 21.938 as follows:</p> <p>Sec. 21.938. LEGISLATIVE LOBBYIST OR LIAISON; PROHIBITION.</p> <p>(a) Prohibits district from employing a person required to register under Chapter 305, Government Code.</p> <p>(b) Prohibits district from employing a person whose primary duties are activities related to proposed legislation or administrative action.</p> <p>(c) Provides civil penalties for school districts that violate this section.</p> <p>(d) Commissioner has authority to recover penalties by reducing foundation school fund allotment.</p> | SECTION 3.05. Adopts house version as Sec. 21.939, Education Code. |
| No similar provision. | SECTION 4.02. Amends Sec. 21.588, Education Code, to provide for district's share of assessment costs. | SECTION 7.01 (part). Adopts house version as part of Sec. 35.031, Education Code. |
| No similar provision. | SECTION 4.02A. Adds Sec. 23.34. CONTRACTS FOR EDUCATIONAL SERVICES. to Subchapter B, Chapter 23, Education Code, to allow school boards to contract for educational services. | SECTION 4.02. Adopts house version. |
| No similar provision. | SECTION 4.15. Provides that other enactments by the 73rd Legislature, Regular Session, 1993, amending Chapter 16, Education Code, prevail over Chapter | SECTION 2.07. Adopts house version. |

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16 as reenacted in this Act.

ARTICLE 5

No similar provision.

SECTION 5.01. Adds Sec. 13.914. LOANED TEACHERS. to Subchapter Z, Chapter 13, Education Code, as follows:

SECTION 5.01. Adopts house version.

(a) Allows school districts to enter into agreements with businesses to allow an employee of the business to teach.

(b) An agreement must state that the business pays the teacher's salary and provides the teacher's benefits and the school district supervises the teacher.

(c) Allows the commissioner to adopt guidelines and spend CEA funds to recruit such teachers.

(d) Allows the SBOE to set minimum standards and educational expertise for and provide a 1-year exemption from certification for a loaned teacher.

No similar provision.

SECTION 5.02. Adds Sec. 171.003. LOANED TEACHER CREDIT. to Chapter 171, Tax Code, to allow a corporation that provides a loaned teacher to take a related tax credit. Requires the corporation to provide related information to the comptroller.

Adopts senate version.

ARTICLE 6

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| No similar provision. | SECTION 6.01. Amends Secs. 4.25(a) and (b), Education Code, making various revisions to the compulsory attendance law, including increases in fines, and providing for disposition of those fines. | SECTION 6.01. Adopts house version. |
| No similar provision. | SECTION 6.02. Adds Secs. 4.251 and 4.252, Education Code, as follows: Sec. 4.251. FAILURE TO ATTEND SCHOOL. Provides that a child commits an offense, punishable by a fine not to exceed \$500, if the child misses 5 or more days without an excuse in a 6-month period. Sec. 4.252. PROCEEDING ON FAILURE TO ATTEND SCHOOL. Provides that a child cannot be found guilty of the above offense except in court under certain circumstances. Provides for child to be warned in certain circumstances of possible effects of conviction on child's driver's license. Requires the judge to report convictions to DPS. | Adopts senate version. |
| No similar provision. | SECTION 6.03. Amends Sec. 21.035(g), Education Code, to make a conforming change. | Adopts senate version. |
| No similar provision. | SECTION 6.04. Amends Sec. 21.039(a), Education Code, to provide for attendance officer to file a complaint in the case of a violation of Section 4.251, Education Code. | Adopts senate version. |

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| No similar provision. | SECTION 6.05. Adds Sec. 54.043 to Chapter 54, Family Code: Sec. 54.043. MONITORING SCHOOL ATTENDANCE. Requires the probation officer of a child to report to the court if the child is not attending school. | SECTION 6.02. Adopts house version. |
| No similar provision. | SECTION 6.06. Amends Sec. 4A(a), Art. 6687b, V.T.C.S., to provide for the denial of a driver's license to certain children convicted under Sec. 4.251, Education Code. | Adopts senate version. |
| No similar provision. | SECTION 6.07. Amends Sec. 22(b), Art. 6687b, V.T.C.S., to provide for the suspension of the driver's license of certain children convicted under Sec. 4.251, Education Code. | Adopts senate version. |
| No similar provisions. | SECTIONS 6.08-6.10. Makes Article 6 prospective and provides that the article takes effect Sept. 1, 1993. | SECTIONS 6.03-6.04. Adopts house version, but omits SECTION 6.08. |
| | ARTICLE 7 | ARTICLE 7 |
| No similar provision. | SECTION 7.01. Adds Chapter 35 to Title 2, Education Code, as follows: CHAPTER 35. PUBLIC SCHOOL SYSTEM ACCOUNTABILITY SUBCHAPTER A. GENERAL PROVISIONS Sec. 35.001. PUBLIC EDUCATION GOALS. Sets forth public education goals. | SECTION 7.01. Adopts house version with modifications, including those indicated: |

**SUBCHAPTER B. ASSESSMENT OF
ACADEMIC SKILLS**

Sec. 35.021. ESSENTIAL SKILLS AND KNOWLEDGE.

(a) Requires the State Board of Education to establish the essential skills and knowledge that all students should learn to achieve the goals provided.

(b) Requires the board to consider the comments of the LEB.

Sec. 35.022. ASSESSMENT PROGRAM.

(a) Requires the board to create and implement a statewide assessment program to ensure school accountability for student achievement. Requires the board to consider the importance of maintaining stability in the statewide assessment program when adopting any subsequent modification of the program.

(b) Requires the board to consider the comments of the LEB.

Sec. 35.023. ADOPTION AND ADMINISTRATION OF INSTRUMENTS.

(a) Requires the CEA to adopt criterion-referenced assessment instruments to assess competencies in certain subject areas.

(b) Requires the agency to adopt and administer secondary exit-level

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assessment instruments to assess competencies in other subject areas.

(c) Requires the board to adopt a schedule for the administration of secondary exit-level assessment instruments. Allows a pupil who did not perform satisfactorily to retake an assessment instrument.

(d) Authorizes multiple sets of questions.

(e) Requires assessment of problem-solving and complex-thinking.

(f) Provides for schedule and deadlines for inclusion of certain assessments.

(g) Allows board to adopt nationally recognized assessment instrument. Requires report on test.

(h) Requires adoption of end of course test by certain date for certain grade levels.

(i) Requires CEA to give notice of results of assessment instruments.

(j) Allows modification of section by rules. Provides additional standards for assessment instruments.

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Sec. 35.024. SATISFACTORY PERFORMANCE.

(a) Requires the board to determine the level of performance considered to be satisfactory on the assessment instruments.

(b) Requires each school district to offer a program of instruction for students who did not perform satisfactorily.

(c) Requires the agency to develop and distribute study guides for use in summer to students who do not perform satisfactorily.

Sec. 35.025. NOTATION OF PASSING EXIT-LEVEL INSTRUMENT; ISSUANCE OF DIPLOMAS TO OTHER STUDENTS.

(a) Requires statement on diploma of student performing satisfactorily on exit level assessment.

(b) Requires diploma without statement under Subsection (a) for student not performing satisfactorily on exit level assessment.

Sec. 35.025. EXIT-LEVEL PERFORMANCE REQUIRED. (a) Student may not receive high school diploma until student performs satisfactorily on certain assessment instruments.

(b) Permits student who has not earned a diploma to retake the instrument each time the instrument is administered.

(c) Authorizes issuance of diploma to student who subsequently performs satisfactorily on assessment instrument.

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Sec. 35.026. LOCAL OPTION.
Authorizes a local school district to
adopt and administer additional
assessment instruments.

Sec. 35.027. EXEMPTION.
(a) Provides exemption for student who
has physical or mental impairment or a
learning disability.

(b) Requires rules on exemption.

(c) Requires rules on dyslexic student.

Sec. 35.028. COMPARISON OF STATE RESULTS
TO NATIONAL RESULTS.
Requires the state assessment program to
obtain nationally comparative results.

Sec. 35.029. MIGRANT WORKERS.
(a) Authorizes the board to provide
alternate dates for the administration of
the assessments to a student whose parent
or guardian is a migrant worker.

(b) Defines "migrant worker."

Sec. 35.030. CONFIDENTIALITY;
PERFORMANCE REPORTS.
(a) Requires the board or a local school
district to ensure the security of the
instruments and tests. Provides that
meetings held by the board or a local
school district at which individual
assessment instruments or assessment
instrument items are discussed or adopted

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are not open to the public, and the assessment instruments or assessment instrument items are confidential.

(b) Provides that the results of individual student performance on academic skills assessment instruments are confidential. Requires overall student performance data to be aggregated and made available to the public. Requires the commissioner of education to compile data and report.

(c) Authorizes a district or the commissioner of education to aggregate separately the performance data of students enrolled in bilingual or special education programs.

Sec. 35.031. COST.
Requires the cost of the assessment instruments to be paid from compensatory aid and requires each district to bear the cost on the basis of the number of students to whom the instruments are administered. Requires the commissioner of education, if a district does not receive an allocation of compensatory aid, to subtract the cost from the district's other foundation school fund allocations.

Sec. 35.032. BIENNIAL REPORTS.
Provides for board reports on evaluation of the correlation between student grades and student performance on assessment

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instruments.

Sec. 35.033. COMMITTEE ON STUDENT
LEARNING.

Adopts senate version.

(a) Prohibits the board from adopting certain rules until it has considered the recommendations of the Texas committee on student learning.

(b) Sets forth the required composition of the committee.

(c) Provides that members of the committee serve two-year terms and may be reappointed.

(d) Requires solicitation of names of persons recommended for the committee.

(e) Requires the Texas Higher Education Coordinating Board to coordinate selection of the person appointed by the deans of colleges of education.

(f) Requires the governor to designate the chairman of the committee.

(g) Requires committee progress reports.

(h) Requires the committee to establish technical advisory committees.

(i) Requires the committee to seek advice from the public and interested educational organizations.

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Sec. 35.034. ASSESSMENT INSTRUMENT
STANDARDS; CIVIL PENALTY.

Adopts house version as Sec. 35.033.

(a) Prohibits use of same form of an assessment instrument for more than three school years.

(b) Requires a company or organization that grades an assessment instrument to report results.

(c) Provides manner in which state and national norms of averages are to be calculated.

(d) Provides damages for violation of Subsection (c).

(e) Requires board rules for the implementation of this section and for related security.

(f) Defines "assessment instrument."

SUBCHAPTER C. PERFORMANCE INDICATORS

Sec. 35.041. ACADEMIC EXCELLENCE
INDICATORS.

(a) Requires the board to adopt a set of indicators of the quality of learning on a campus.

(b) Provides standards for adoption and manner of use of indicators.

(c) Provides for comparison of

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indicators to state standards, required improvement, and comparable improvement.

(d) Requires the board to report the status of education in the state.

(e) Requires the commissioner of education to define exemplary, recognized, and unacceptable performance.

Sec. 35.042. PERFORMANCE REPORT.

(a) Requires a board of trustees to publish an annual report describing the educational performance of the district.

(b) Requires the board to give notice and hold a hearing on and to disseminate the report. Board may combine notice with the notice of a public hearing on proposed tax increase required by Sec. 26.06, Tax Code.

(c) Requires the report to include a comparison provided by the agency of certain information.

(d) Authorizes the report to include certain information.

(e) Provides for combination of this report with other reports and financial statements and restrictions on the number and length of reports.

(b) Omits provision permitting combination of notice with notice required under Tax Code.

Adopts house version of Sec. 21.938, Education Code, as Sec. 35.043.

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Sec. 35.043. USES OF PERFORMANCE REPORT.
Sets forth the uses of information
required to be reported under
Sec. 35.042.

Adopts house version as Sec. 35.044.

SUBCHAPTER D. ACCREDITATION STATUS

Sec. 35.061. ACCREDITATION REQUIRED.
Requires each school district to be
accredited by the agency.

Sec. 35.062. ACCREDITATION STANDARDS.
(a) Requires the board to adopt rules
for accreditation of school districts.

(b) Requires academic excellence
indicators to be the main consideration
of the agency in the rating of a
district. Sets forth authorized
additional criteria for accreditation
rules.

(c) Requires the agency to evaluate
against state standards and report.

Sec. 35.063. DETERMINING ACCREDITATION
STATUS.

(a) Requires the agency to annually
review the performance of each district
and campus and determine if a change in
accreditation status is warranted.

(b) Requires each annual review to
include an analysis of the indicators to
determine district and campus performance
in relation to certain items.

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(c) Authorizes a district's accreditation rating to be raised or lowered based on the district's performance or the performance of one or more campuses in the district.

(d) Requires the board to use the agency's public education information management system.

(e) Requires the agency to notify a district that is rated accredited warned and that the performance of the district or a campus in the district is below standard. Requires the district to notify the property owners and parents in the district of the lowered accreditation rating and its implication.

Sec. 35.064. ON-SITE INVESTIGATIONS.

(a) Authorizes the commissioner of education to direct the agency to conduct on-site investigations and to raise or lower the accreditation rating as a result of the investigation.

(b) Requires the commissioner to determine the frequency of on-site investigations.

(c) Requires the investigators to obtain information from administrators, teachers, and parents. Requires the board to adopt rules for obtaining certain information.

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(d) Requires the agency to give notice of impending investigation.

(e) Authorizes on-site evaluation of campus indicated to have low performance.

(f) Requires the investigators to report and make recommendations concerning necessary improvements or sources of aid.

Sec. 35.065. SPECIAL ACCREDITATION INVESTIGATIONS.

(a) Requires the commissioner of education to authorize special accreditation investigations to be conducted under certain circumstances.

(b) Authorizes the commissioner to lower the district's accreditation rating and to take appropriate action under Subchapter G.

Sec. 35.066. AGENCY ASSISTANCE.
Requires the agency to provide assistance to districts that have difficulty meeting accreditation standards.

SUBCHAPTER E. SUCCESSFUL SCHOOL AWARDS

Sec. 35.081. CREATION OF SYSTEM.
Creates the Texas Successful School Awards System.

Sec. 35.082. TYPES OF AWARDS.

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(a) Authorizes the governor to present financial awards to the schools or districts that have the highest levels of sustained success or the greatest improvement in achieving education goals.

(b) Authorizes the governor to present proclamations or certificates to additional schools and districts.

(c) Authorizes the commissioner of education to establish additional categories of awards and award amounts contingent on the school's or district's involvement with paired, lower-performing schools.

Sec. 35.083. ADVISORY COMMITTEE.

(a) Requires the commissioner of education to appoint advisory committee to make recommendations for awards.

(b) Sets forth the required composition of the committee.

(c) Provides number of members and terms.

Sec. 35.084. AWARDS.

(a) Provides for criteria to select successful schools.

(b) Requires the commissioner of education to select schools and districts qualified to receive successful schools awards and report the selections.

Adopts senate version.

Adopts house version as Sec. 35.083.

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(c) Requires the agency to notify each school district of the manner in which the district or a school in the district may qualify for a successful school award.

Sec. 35.085. USE OF AWARDS.

(a) Provides manner of use of an award.

(b) Requires the school committee to determine the use of the funds awarded to a school. Requires the professional staff to determine the use of the funds awarded to the school district.

Sec. 35.086. FUNDING.

Provides for award system funding by donations, grants, or legislative appropriations. Authorizes award funds to be used to pay for related ceremonies. Subjects the awards to audit requirements.

Sec. 35.087. CONFIDENTIALITY.

Provides for confidentiality of program information and reports.

SUBCHAPTER F. ADDITIONAL REWARDS

Sec. 35.101. RECOGNITION AND REWARDS.

Requires the board to develop a plan for recognizing and rewarding school districts and campuses that are exemplary or recognized and for developing a network for sharing successful practices.

Adopts house version as Sec. 35.084.

Adopts house version as Sec. 35.085.

Adopts house version as Sec. 35.086.

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Sec. 35.102. EXCELLENCE EXEMPTIONS.

(a) Exempts a school campus or district that is rated exemplary, with exceptions, from the requirements and prohibitions imposed under the Education Code.

(b) Provides that a school campus or district is not exempt from a prohibition on conduct that constitutes a criminal offense, from federal requirements, or from a requirement or prohibition imposed by state law or rule relating to certain items.

(c) Requires the agency to monitor and evaluate deregulation of a school campus or district and make a report.

(d) Authorizes the commissioner of education to exempt an exemplary school campus from elementary class size limits under certain conditions.

**SUBCHAPTER G. ACCREDITATION
SANCTIONS**

Sec. 35.121. SANCTIONS.

(a) Requires the commissioner of education, if a district does not satisfy the accreditation criteria, to take certain actions.

(b) Authorizes the commissioner to take certain actions concerning low-performing campus.

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(c) Requires the commissioner of education to perform certain reviews, take certain actions in response, and report.

(d) Provides for payment of the costs of providing a monitor, master, management team, or special campus intervention.

(e) Requires a master or management team to prepare a plan for action under Subsection (a)(9) or (10), and authorizes the master or management team to take certain actions.

(f) Sets forth the authorized composition of a special campus intervention team.

(g) Provides that if the commissioner of education appoints a board of managers to govern a district, the powers of the board of trustees of the district are suspended and requires the commissioner to appoint a district superintendent. Authorizes the board of managers to amend the budget of the district.

(h) Provides that, if the commissioner appoints a board of managers to govern a campus, the powers of the board of trustees of the district in relation to the campus are suspended and requires the commissioner to appoint a campus principal. Provides for amendments to the budget of the district for the

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benefit of the campus.

No similar provision.

SECTION 7.02. Amends Section 11.011, Education Code, to change Central Education Agency sunset date to September 1, 1995.

Adopts senate version.

No similar provision.

SECTION 7.03. Amends Sec. 11.273, Education Code, as follows:

SECTION 7.02. Adopts house version.

(e) Makes conforming change.

(h) Authorizes the commissioner of education to grant certain districts or campuses an exemption or waiver from certain laws and rules. Prohibits certain exemptions or waivers.

No similar provision.

SECTION 7.04. Amends Sec. 11.62, Education Code, to give the commissioner of education sole authority to organize and appoint division directors and employees of the State Department of Education. Removes requirement that rules provide tenure safeguards.

SECTION 7.03. Adopts house version.

No similar provision.

SECTION 7.05. Amends Sec. 13.351(c), Education Code, to establish the duties of a superintendent.

SECTION 7.04. Adopts house version.

No similar provision.

SECTION 7.06. Amends Sec. 19.027(a), (b), and (d), Education Code, to authorize the commissioner to order the annexation of certain accredited warned districts into other districts.

SECTION 7.05. Adopts house version.

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|-----------------------|--|-------------------------------------|
| No similar provision. | SECTION 7.07. Amends Sec. 21.557(f), Education Code, to make conforming changes. | SECTION 7.06. Adopts house version. |
| No similar provision. | SECTION 7.08. Adds Sec. 21.930(h), Education Code, as follows: (h) Requires certain elected professional staff to hold at least one public meeting per year after receipt of the annual district performance report from the Central Education Agency to discuss the performance of the district and the district performance objectives. | SECTION 7.07. Adopts house version. |
| No similar provision. | SECTION 7.09. Adds Section 21.931(g), Education Code, as follows: (g) Requires each school committee to hold at least one public meeting per year after receipt of the annual campus rating from the agency to discuss the performance of the campus and the campus performance objectives. | SECTION 7.08. Adopts house version. |
| No similar provision. | SECTION 7.10. Amends Sec. 23.33(a), Education Code, to require SBE to adopt statewide standards for the duties of a school board member as criteria for board member training. | SECTION 7.09. Adopts house version. |
| No similar provision. | SECTION 7.11. Requires the Educational Economic Policy Center to monitor and evaluate the implementation of the accountability system and to provide annual progress reports to the governor, | SECTION 7.10. Adopts house version. |

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No similar provision.

the Legislative Education Board, and the commissioner.

SECTION 7.12. Establishes the Select Committee to Conduct a Comprehensive Review of the Central Education Agency and efficient use of educational resources in the state; provides for the composition, procedures, and duties of the committee, and makes related provisions for its operation. Provides for expiration of the committee January 10, 1995.

SECTION 7.11. Adopts house version.

No similar provision.

SECTION 7.13. Repeals: Secs. 2.01, 11.272, 21.258, 21.551-21.556, 21.558-21.561, 21.751-21.7531, 21.754-21.758, and Subchapter A, Chapter 34, Education Code.

SECTION 7.12. Adopts house version.

No similar provision.

SECTION 7.14. Amends Section 21.9211, Education Code, as follows:

SECTION 7.13. Adopts house version except as indicated:

Amends (e) to require Interscholastic League Advisory Council to report on UIL rules not later than January 1, 1995.

Adds (g) to require the council to study certain aspects of UIL policy and activity.

Adds (h) to limit UIL from taking actions on additional programs and reclassification of districts pending the council's report.

Deletes prohibition on UIL's reclassification of districts.

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|-----------------------|--|--|
| No similar provision. | SECTION 7.15. Provides for immediate effect of Article 7 beginning with the 1993-94 school year. | SECTION 7.14. Adopts house version. |
| | ARTICLE 8 | |
| No similar provision. | SECTION 8.01. Amends Subchapter Z, Chapter 21, Education Code, by adding Sec. 21.938, DISTRICT AND CAMPUS PLANNING PROCESS. (a) Requires each school board to develop a district and campus planning process. (b) Sets out requirements for content of the plan. (c) Requires that the plan address any federal planning requirements. (d) Gives Central Education Agency access to each plan. | SECTION 8.01. Adopts house version in substance. |
| No similar provision. | SECTION 8.02. Amends Sec. 12.65(f), Education Code, to delete requirement that textbook cover be replaced "under direction of the teacher". | SECTION 8.02. Adopts house version. |
| No similar provision. | SECTION 8.03. Amends Sec. 12.67(a), Education Code, to provide that a school district employee working with a textbook company for remuneration must register with the superintendent, but no longer with the commissioner. | SECTION 8.03. Adopts house version. |

| SENATE VERSION | HOUSE VERSION | ACTION TAKEN |
|-----------------------|--|--|
| No similar provision. | SECTION 8.04. Amends Sec. 21.258, Education Code, by amending Subsection (a) to provide that district performance reports are available to the public, but are no longer filed with the SBOE, and by adding Subsection (e) to require school districts to include in the report a statement on their unencumbered fund balances. | Adopts house version incorporated into SECTION 7.01 as Sec. 35.042, Education Code. |
| No similar provision. | SECTION 8.05. Amends Sec. 21.601, Education Code, to delete provisions relating to community guidance centers in districts with an ADA of less than 6,000. | SECTION 8.04. Adopts house version. |
| No similar provision. | SECTION 8.06. Amends Sec. 21.701, Education Code, to provide that discipline management programs be included in a district plan instead of submitted to Central Education Agency for review. | SECTION 8.05. Adopts house version. |
| No similar provision. | SECTION 8.07. Amends Sec. 21.702, Education Code, to conform to amended Sec. 21.701. | SECTION 8.06. Adopts house version. |
| No similar provision. | SECTION 8.08. Amends Sec. 21.926, Education Code, making changes to provisions relating to information that must be posted for or made available to the public by a school district. | SECTION 8.07. Adopts house version. |
| No similar provision. | SECTION 8.09. Repeals Secs. 11.203, 11.205(b) and (c), 11.2051, 12.67(c), 14.065, 21.034, 21.1111(d), 21.253, 21.301(o), 21.557(d), 21.654, and | SECTION 8.08. Adopts house version, modified to delete repeal of Secs. 11.203 and 11.205(b) and (c). |

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21.909(d), Education Code.

No similar provision.

SECTION 8.10. Amends Sec. 13.037(c), Education Code, to delete requirement that Central Education Agency maintain certain teacher performance data, and makes one nonsubstantive change.

SECTION 8.09. Adopts house version.

No similar provision.

SECTION 8.11. Amends Sec. 13.103, Education Code, relating to termination of probationary contracts by requiring a district to give notice not later than the 60th day before the last day of required instruction instead of not later than April 1.

SECTION 8.10. Adopts house version.

No similar provision.

SECTION 8.12. Amends the heading of Subchapter E, Chapter 13, Education Code, from "CAREER LADDER" to "TEACHER APPRAISAL".

SECTION 8.11. Adopts house version.

No similar provision.

SECTION 8.13. Amends Secs. 13.302(a), (c), and (f). Eliminates requirements of multiple teacher appraisers and deletes references to career ladder.

SECTION 8.12. Adopts house version, modifies Subsection (f) to clarify conference process.

No similar provision.

SECTION 8.14. Amends Sec. 13.303, Education Code, by amending Subsections (a) and (c), and adding (d). Revises procedures and standards for teacher appraisal.

SECTION 8.13. Adopts house version, modifies Subsection (c) to provide for written rebuttal and review of evaluation.

No similar provision.

SECTION 8.15. Amends Sec. 13.304, Education Code, by deleting career ladder provisions.

SECTION 8.14. Adopts house version.

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|-----------------------|---|-------------------------------------|
| No similar provision. | SECTION 8.16. Adds Sec. 16.058, Education Code, to provide that an eligible teacher is entitled to receive a minimum salary equal to the teacher's base salary plus the teacher's career ladder supplement for the 1992-1993 school year. | SECTION 8.15. Adopts house version. |
| No similar provision. | SECTION 8.17. Amends Sec. 21.112(e), Education Code, relating to vocational programs, to eliminate the requirement that a competency profile be maintained for each student. | SECTION 8.16. Adopts house version. |
| No similar provision. | SECTION 8.18. Amends Sec. 21.204(a), Education Code, to require a board of trustees to notify a teacher of a proposed nonrenewal not later than the 60th day before the last day of instruction required in the contract. | SECTION 8.17. Adopts house version. |
| No similar provision. | SECTION 8.19. Amends Sec. 822.201(b), Government Code, by repealing the reference to career ladder payments. | SECTION 8.18. Adopts house version. |
| No similar provision. | SECTION 8.20. Amends Sec. 825.405(b), Government Code, to conform to repeal of the career ladder and provision for salary of teacher formerly on career ladder. | SECTION 8.19. Adopts house version. |
| No similar provision. | SECTION 8.21. Repeals Secs. 12.61(a), 13.301, 13.305, 13.306(b), 13.307-13.317, 13.319-13.323, and 21.251(c), Education Code. | SECTION 8.20. Adopts house version. |

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| SENATE VERSION | HOUSE VERSION | ACTION TAKEN |
|-----------------------|--|-------------------------------------|
| No similar provision. | SECTION 8.22. Amends Sec. 11.273(e)(5), Education Code, to include a reference to a waiver authorized by Sec. 16.054. | SECTION 7.02. Adopts house version. |
| No similar provision. | SECTION 8.23. Amends Sec. 13.353(a), Education Code, to require that a district's in-service training program for administrators be one adopted by the SBOE or one approved by the trustees of the district, and include management training in site-based decision making. Amends Sec. 13.353(e), Education Code, to permit rather than require the Central Education Agency to allocate funds for professional development programs and deletes a related reporting requirement. | SECTION 8.21. Adopts house version. |
| No similar provision. | SECTION 8.24. Amends Sec. 13.354(d), Education Code, to authorize, rather than require, each school district to use the appraisal process and performance criteria developed by the State Board of Education in evaluating the performance of an administrator. | SECTION 8.22. Adopts house version. |
| No similar provision. | SECTION 8.25. Repeals Secs. 12.64 and 13.354(c), Education Code. | SECTION 8.23. Adopts house version. |
| No similar provision. | SECTION 8.26. Amends Sec. 21.165(d), Education Code, to delete language requiring the commissioner of education to approve the purchase of a motor vehicle, bus, bus body, or bus chassis. | SECTION 8.24. Adopts house version. |

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No similar provision.

SECTION 8.27. Amends Sec. 21.181(a), Education Code, to delete requirement that a transportation company meet alternative fuels requirements in order to contract with a district school board.

Adopts senate version.

No similar provision.

SECTION 8.28. Amends Sec. 21.182(a), Education Code, to make a conforming change.

~~SECTION 8.26~~ ^{senate} Adopts ~~house~~ version.

No similar provision.

SECTION 8.29. Repeals Secs. 21.174(c)-(i), 21.180, and 21.181(f), Education Code.

SECTION 8.25. Adopts senate version for Secs. 21.174(c)-(i), Education Code, modifying timeline and providing exceptions; adopts senate version for Secs. 21.180 and 21.181(f).

No similar provision.

SECTION 8.30. Amends Sec. 19.051(a), Education Code, to delete requirement that school districts be contiguous to consolidate into a single school district.

SECTION 8.27. Adopts house version.

No similar provision.

SECTION 8.31. Amends Sec. 21.041, Education Code, as follows:

SECTION 8.28. Adopts house version.

(a) Prohibits a student from being given credit for a class unless the student is in attendance for at least 90 percent of the days the class is offered, rather than 80 days during a semester.

(b) Makes conforming changes.

No similar provision.

SECTION 8.32. Amends Sec. 21.458, Education Code, as follows:

SECTION 8.29. Adopts house version.

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(a) Requires a school that operates on a two-semester system to offer a bilingual education or special language program during the summer recess. Requires a school that operates on any other system to offer 120 hours of instruction on a schedule the board of trustees of the district establishes.

(b) Makes a conforming change.

(e) Makes a conforming change.

(f) Makes a conforming change.

No similar provision.

SECTION 8.33. Amends Subchapter B, Chapter 11, Education Code, by adding Sec. 11.274, as follows:

Adopts senate version.

(a) Authorizes a school committee established under Sec. 21.931 to apply to the commissioner of education for a waiver for the school of a requirement or prohibition imposed by law or rule that the committee determines inhibits student achievement, except as provided under Subsection (c).

(b) Establishes application requirements.

(c) Authorizes the commissioner to grant a waiver for up to three years. Excludes waivers of criminal provisions or federal requirements.

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No similar provision.

SECTION 8.34. Amends Sec. 11.52, Education Code, by adding Subsection (p) to authorize the commissioner to establish demonstration programs to demonstrate and investigate educational programs or methodologies. Authorizes the commissioner to waive a state requirement or prohibition, other than a criminal provision, that hinders the implementation of a program.

Adopts senate version.

No similar provision.

SECTION 8.35. Amends Subchapter O, Chapter 21, Education Code, by adding Sec. 21.562 to provide certain parental rights relating to assessment instruments.

Adopts senate version.

No similar provision.

SECTION 8.36. Amends Sec. 21.920(b), Education Code, to authorize the campus principal to remove the suspension from extracurricular activities if the student has not received a grade lower than the equivalent of 70 on a scale of 100 in an academic class in the first three weeks of suspension. Requires the principal to reinstate the suspension if the student receives a grade lower than the equivalent of 70 on a scale of 100 in any academic class in the second three weeks of the period.

Adopts senate version.

No similar provision.

SECTION 8.37. Amends Sec. 21.920(f), Education Code, to provide that participation by a vocational agriculture student in an event related to vocational agriculture is not considered an

Adopts senate version.

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extracurricular activity.

No similar provision.

SECTION 8.38. Amends Sec. 21.3011(b), Education Code, to authorize a student to be removed from class or expelled if the student, under certain circumstances, engages in conduct that contains the elements of the offense of public lewdness under Sec. 21.07, Penal Code.

SECTION 8.30. Adopts house version.

No similar provision.

SECTION 8.39. Amends Sec. 21.5513, Education Code, to add Subsection (j) to require the Committee on Student Learning to develop basic standards for measuring competence and skill levels in reading, writing, and mathematics and to report those standards to the legislature.

Adopts senate version.

No similar provision.

SECTION 8.40. Amends Subchapter B, Chapter 11, Education Code, by adding Sec. 11.37 to require the State Board of Education, in cooperation with the Texas Higher Education Coordinating Board, to adopt rules to facilitate charging school districts for remedial education costs, as provided by Sec. 11.54.

Adopts senate version.

No similar provision.

SECTION 8.41. Amends Subchapter D, Chapter 11, Education Code, by adding Sec. 11.54 to authorize the commissioner of education to assign to a school district that consistently graduates students who require postsecondary remedial education all or part of the costs of remedial education provided by an institution of higher education.

Adopts senate version.

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No similar provision.

Requires the commissioner to assign the costs as provided by the rules adopted under Secs. 11.37 and 61.083.

SECTION 8.42. Amends Subchapter C, Chapter 61, Education Code, by adding:

Adopts senate version.

Sec. 61.083 to require the coordinating board, in cooperation with the State Board of Education, to adopt rules to facilitate charging school districts for remedial education costs, as provided by Section 11.54.

Sec. 61.084 to require the coordinating board to develop a plan for elimination of remedial postsecondary educational programs at institutions of higher education and to report to the legislature.

No similar provision.

SECTION 8.43. Amends Sec. 21.101, Education Code, by adding Subsection (j), to prohibit the State Board of Education or the commissioner of education from requiring a local school district to offer a course in sex education.

Adopts senate version.

No similar provision.

SECTION 8.44. Amends Sec. 3(a), Article 6252-17a, V.T.C.S., to provide that curriculum objectives of public educational institutions are public information under the open records law.

SECTION 8.31. Adopts house version.

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No similar provision.

SECTION 8.45. Amends Sec. 5(a), Article 6687b, V.T.C.S., to provide that the subsection does not apply to the operation of a vehicle owned by a public institution of higher education to transport students of a school district that operates within that institution under certain conditions.

SECTION 8.32. Adopts house version.

No similar provision.

SECTION 8.46. Repeals Secs. 21.008, 21.132-21.134, 23.993, 23.994, and 23.999, Education Code.

SECTION 8.33. Adopts house version.

No similar provision.

SECTION 8.47. Provides that effective September 1, 1995, Titles 1 and 2, Education Code, are repealed (General Provisions and Public Schools).

SECTION 8.34. Adopts house version modified to not repeal Chapters 16, 20, and 36 of Title 2, Education Code.

No similar provision.

SECTION 8.48. Requires the commissioner of education to submit to the legislature a proposed revision of Titles 1 and 2, Education Code, by June 1, 1994.

SECTION 8.35. Adopts house version, but revision only of laws repealed in previous section.

No similar provision.

SECTION 8.49. Abolishes the Central Education Agency effective September 1, 1995.

SECTION 8.36. Adopts house version.

Enrolled May 28, 1993
Patsy Spaw
Enrolling Clerk

S.B. No. 7

AN ACT

relating to public school education and finance; providing civil penalties.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

ARTICLE 1

SECTION 1.01. Title 2, Education Code, is amended by adding Chapter 36 to read as follows:

CHAPTER 36. EQUALIZED WEALTH LEVEL

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 36.001. DEFINITIONS. In this chapter:

(1) "Equalized wealth level" means the wealth per student provided by Section 36.002.

(2) "Wealth per student" means the taxable value of property, as determined under Section 11.86, divided by the number of students in weighted average daily attendance.

(3) "Weighted average daily attendance" has the meaning assigned by Section 16.302, except that weighted average daily attendance is computed using the estimate of average daily attendance under Section 16.2541, and the estimate under Section 16.2541 is modified by including a student residing in a school district but attending school in another district in the estimate for the district of the student's residence and not of the district in which the student attends school.

Sec. 36.002. EQUALIZED WEALTH LEVEL. (a) Except as

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1 provided by Subsections (b) and (c), a school district may not have
2 a wealth per student that exceeds \$280,000.

3 (b) For the 1993-1994 school year, in accordance with a
4 determination of the commissioner of education, the wealth per
5 student that a school district may have after exercising an option
6 under Section 36.003(2), (3), or (4) may not be less than the
7 amount needed to maintain the amount of state and local revenue per
8 weighted student for maintenance and operation of the district for
9 the 1992-1993 school year if the district imposes an effective tax
10 rate for maintenance and operation of the district equal to the
11 greater of the district's current tax rate or \$1.375 on the \$100
12 valuation of taxable property.

13 (c) For the 1994-1995 and 1995-1996 school years, in
14 accordance with a determination of the commissioner of education,
15 the wealth per student that a school district may have after
16 exercising an option under Section 36.003(2), (3), or (4) may not
17 be less than the amount needed to maintain the amount of state and
18 local revenue per weighted student for maintenance and operation of
19 the district for the 1992-1993 school year if the district imposes
20 an effective tax rate for maintenance and operation of the district
21 equal to the greater of the district's current tax rate or \$1.50 on
22 the \$100 valuation of taxable property.

23 (d) For purposes of Subsections (b) and (c), a school
24 district's effective tax rate is determined by dividing the total
25 amount of taxes collected by the district for the applicable school

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year by the quotient of the district's taxable value of property, as determined under Section 11.86, divided by 100.

Sec. 36.003. OPTIONS TO ACHIEVE EQUALIZED WEALTH LEVEL. A district with a wealth per student that exceeds the equalized wealth level may take any combination of the following actions to achieve the equalized wealth level:

(1) consolidation with another district as provided by Subchapter B;

(2) detachment of territory as provided by Subchapter C;

(3) purchase of average daily attendance credit as provided by Subchapter D;

(4) contracting for the education of nonresident students as provided by Subchapter E; or

(5) tax base consolidation with another district as provided by Subchapter F.

Sec. 36.004. ANNUAL REVIEW OF PROPERTY WEALTH. (a) Not later than July 15 of each year, the commissioner of education shall review the wealth per student of school districts in the state and shall notify:

(1) each district with wealth per student exceeding the equalized wealth level;

(2) each district to which the commissioner proposes to annex property detached from a district notified under Subdivision (1), if necessary, under Subchapter G; and

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1 (3) each district to which the commissioner proposes
 2 to consolidate a district notified under Subdivision (1), if
 3 necessary, under Subchapter H.

4 (b) If, before the dates provided by this subsection, a
 5 district notified under Subsection (a)(1) has not successfully
 6 exercised one or more options under Section 36.003 that reduce the
 7 district's wealth per student to a level equal to or less than the
 8 equalized wealth level, the commissioner shall order the detachment
 9 of property from that district as provided by Subchapter G. If
 10 that detachment will not reduce the district's wealth per student
 11 to a level equal to or less than the equalized wealth level, the
 12 commissioner may not detach property under Subchapter G but shall
 13 order the consolidation of the district with one or more other
 14 districts as provided by Subchapter H. An agreement under Section
 15 36.003(1) or (2) must be executed not later than September 1
 16 immediately following the notice under Subsection (a). An election
 17 for an option under Section 36.003(3), (4), or (5) must be ordered
 18 before September 1 immediately following the notice under
 19 Subsection (a).

20 (c) A district notified under Subsection (a) may not adopt a
 21 tax rate for the tax year in which the district receives the notice
 22 until the commissioner of education certifies that the district has
 23 achieved the equalized wealth level.

24 (d) A detachment and annexation or consolidation under this
 25 chapter:

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1 (1) is effective for foundation school program funding
2 purposes for the school year that begins in the calendar year in
3 which the detachment and annexation or consolidation is agreed to
4 or ordered; and

5 (2) applies to the ad valorem taxation of property
6 beginning with the tax year in which the agreement or order is
7 effective.

8 Sec. 36.005. COMPTROLLER AND APPRAISAL DISTRICT COOPERATION.

9 The chief appraiser of each appraisal district and the comptroller
10 shall cooperate with the commissioner and school districts in
11 implementing this chapter.

12 Sec. 36.006. RULES. (a) The commissioner of education may
13 adopt rules necessary for the implementation of this chapter. The
14 rules may provide for the commissioner to make necessary
15 adjustments to the provisions of Chapter 16, including providing
16 for the commissioner, with the approval of the foundation school
17 fund budget committee, to make an adjustment in the funding element
18 established by Section 16.302, at the earliest date practicable, to
19 the amount the commissioner believes, taking into consideration
20 options exercised by school districts under this chapter and
21 estimates of student enrollments, will match appropriation levels.

22 (b) As necessary for the effective and efficient
23 administration of this chapter, the commissioner of education may
24 modify effective dates and time periods for actions described by
25 this chapter.

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1 Sec. 36.007. COMMISSIONER TO APPROVE SUBSEQUENT BOUNDARY
 2 CHANGES. A school district that is involved in an action under
 3 this chapter that results in boundary changes to the district or in
 4 the consolidation of tax bases is subject to consolidation,
 5 detachment, or annexation under Chapter 19 only if the commissioner
 6 of education certifies that the change under Chapter 19 will not
 7 result in a district with a wealth per student that exceeds the
 8 equalized wealth level.

9 Sec. 36.0075. HOMESTEAD EXEMPTIONS. (a) The governing
 10 board of a school district that results from consolidation under
 11 this chapter, including a consolidated taxing district under
 12 Subchapter F, for the tax year in which the consolidation occurs
 13 may determine whether to adopt a homestead exemption provided by
 14 Section 11.13, Tax Code, and may set the amount of the exemption,
 15 if adopted, at any time before the school district adopts a tax
 16 rate for that tax year. This section applies only to an exemption
 17 that the governing board of a school district is authorized to
 18 adopt or change in amount under Section 11.13, Tax Code.

19 (b) This section prevails over any inconsistent provision of
 20 Section 11.13, Tax Code, or other law.

21 Sec. 36.008. TAX ABATEMENTS. (a) A tax abatement agreement
 22 executed by a school district that is involved in consolidation or
 23 in detachment and annexation of territory under this chapter is not
 24 affected and applies to the taxation of the property covered by the
 25 agreement as if executed by the district within which the property

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1 is included.

2 (b) The commissioner shall determine the wealth per student
 3 of a school district under this chapter as if any tax abatement
 4 agreement executed by a school district on or after May 31, 1993,
 5 had not been executed.

6 Sec. 36.0085. TAX INCREMENT OBLIGATIONS. The payment of tax
 7 increments under Chapter 311, Tax Code, is not affected by the
 8 consolidation of territory or tax bases or by annexation under this
 9 chapter. In each tax year a school district paying a tax increment
 10 from taxes on property over which the district has assumed taxing
 11 power is entitled to retain the same percentage of the tax
 12 increment from that property that the district in which the
 13 property was located before the consolidation or annexation could
 14 have retained for the respective tax year.

15 Sec. 36.009. CONTINGENCY. (a) If any of the options
 16 described by Section 36.003 as applied to a school district are
 17 held invalid by a final decision of a court of competent
 18 jurisdiction, a school district is entitled to exercise any of the
 19 remaining valid options in accordance with a schedule approved by
 20 the commissioner of education.

21 (b) If a final order of a court of competent jurisdiction
 22 should hold each of the options provided by Section 36.003 invalid,
 23 the commissioner shall act under Subchapter G or H to achieve the
 24 equalized wealth level only after notice and hearing is afforded to
 25 each school district affected by the order. The commissioner shall

1 adopt a plan that least disrupts the affected school districts. If
2 because the exigency to adopt a plan prevents the commissioner from
3 giving a reasonable time for notice and hearing, the commissioner
4 shall timely give notice to and hold a hearing for the affected
5 school districts, but in no event less than 30 days from time of
6 notice to the date of hearing.

7 (c) If a final order of a court of competent jurisdiction
8 should hold an option provided by Section 36.003 invalid and order
9 a refund to a district of any amounts paid by a district choosing
10 that option, the amount shall be refunded but held in reserve and
11 not expended by the district until released by order of the
12 commissioner of education. The commissioner shall order the
13 release immediately on the commissioner's determination that,
14 through one of the means provided by law, the district has achieved
15 the equalized wealth level. The amount released shall be deducted
16 from any state aid payable to the district according to a schedule
17 adopted by the commissioner.

18 Sec. 36.010. DATE OF ELECTIONS. An election under this
19 chapter for voter approval of an agreement entered by the board of
20 trustees shall be held on a Tuesday or Saturday not more than 45
21 days after the date of the agreement. Section 41.001, Election
22 Code, does not apply to the election.

23 Sec. 36.011. PROCEDURE. (a) Except as provided by
24 Subchapter G, a decision of the commissioner under this chapter is
25 appealable under Section 11.13(c).

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1 (b) Any order of the commissioner issued under this chapter
2 shall be given immediate effect and may not be stayed or enjoined
3 pending any appeal.

4 (c) The Administrative Procedure and Texas Register Act
5 (Article 6252-13a, Vernon's Texas Civil Statutes) does not apply to
6 a decision of the commissioner under this chapter.

7 (d) On the request of the commissioner, the secretary of
8 state shall publish any rules adopted under this chapter in the
9 Texas Register and the Texas Administrative Code.

10 SUBCHAPTER B. CONSOLIDATION BY AGREEMENT

11 Sec. 36.031. AGREEMENT. The governing boards of any two or
12 more school districts may consolidate the districts by agreement in
13 accordance with this subchapter to establish a consolidated
14 district with a wealth per student equal to or less than the
15 equalized wealth level. The agreement is not effective unless the
16 commissioner of education certifies that the consolidated district,
17 as a result of actions taken under this chapter, will have a wealth
18 per student equal to or less than the equalized wealth level.

19 Sec. 36.032. GOVERNING LAW. Except to the extent modified
20 by the terms of the agreement, the consolidated district is
21 governed by the applicable provisions of Subchapter C, Chapter 19,
22 other than a provision requiring consolidating districts to be
23 contiguous. The agreement may not be inconsistent with the
24 requirements of this subchapter.

25 Sec. 36.033. GOVERNANCE PLAN. (a) The agreement among the

consolidating districts may include a governance plan designed to preserve community-based and site-based decision making within the consolidated district, including the delegation of specific powers of the governing board of the district other than the power to levy taxes.

(b) The governance plan may provide for a transitional board of trustees during the first year after consolidation, but beginning with the next year the board of trustees must be elected from within the boundaries of the consolidated district from single-member districts drawn in accordance with the procedures provided by Section 23.024.

Sec. 36.034. INCENTIVE AID. (a) For the first and second school years after creation of a consolidated district under this subchapter, the commissioner of education shall adjust allotments to the consolidated district to the extent necessary to preserve the effects of an adjustment under Section 16.102, 16.103, or 16.104 to which either of the consolidating districts would have been entitled but for the consolidation.

(b) A district receiving incentive aid payments under this section is not entitled to incentive aid under Subchapter G, Chapter 23.

SUBCHAPTER C. DETACHMENT AND ANNEXATION BY AGREEMENT

Sec. 36.061. AGREEMENT. (a) By agreement of the governing boards of two school districts, territory may be detached from one of the districts and annexed to the other district if, after the

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1 action:

2 (1) the wealth per student of the district from which
3 territory is detached is equal to or less than the equalized wealth
4 level; and

5 (2) the wealth per student of the district to which
6 territory is annexed is not greater than the greatest level for
7 which funds are provided under Subchapter H, Chapter 16.

8 (b) The agreement is not effective unless the commissioner
9 of education certifies that, after all actions taken under this
10 chapter, the wealth per student of each district involved will be
11 equal to or less than the applicable level permitted by Subsection
12 (a).

13 Sec. 36.062. GOVERNING LAW. Except to the extent of any
14 conflict with this chapter and except for any requirement that
15 detached property must be annexed to a school district that is
16 contiguous to the detached territory, the annexation and detachment
17 is governed by Chapter 19.

18 Sec. 36.063. ALLOCATION OF APPRAISED VALUE OF DIVIDED UNIT.
19 If portions of a parcel or other item of property are located in
20 different school districts as a result of a detachment and
21 annexation under this subchapter, the parcel or other item of
22 property shall be appraised for taxation as a unit, and the
23 agreement shall allocate the taxable value of the property between
24 the districts.

25 Sec. 36.064. ALLOCATION OF INDEBTEDNESS. The annexation

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agreement may allocate to the receiving district any portion of the indebtedness of the district from which the territory is detached, and the receiving district assumes and is liable for the allocated indebtedness.

Sec. 36.065. NOTICE. As soon as practicable after the agreement is executed, the districts involved shall notify each affected property owner and the appraisal district in which the affected property is located.

SUBCHAPTER D. PURCHASE OF ATTENDANCE CREDIT

Sec. 36.091. AGREEMENT. A school district with a wealth per student that exceeds the equalized wealth level may execute an agreement with the commissioner of education to purchase attendance credits in an amount sufficient, in combination with any other actions taken under this chapter, to reduce the district's wealth per student to a level that is equal to or less than the equalized wealth level.

Sec. 36.092. CREDIT. (a) For each credit purchased, the weighted average daily attendance of the purchasing school district is increased by one student in weighted average daily attendance for purposes of determining whether the district exceeds the equalized wealth level.

(b) A credit is not used in determining a school district's scholastic population, average daily attendance, or weighted average daily attendance for purposes of Chapter 15 or 16.

Sec. 36.093. COST. The cost of each credit is an amount

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equal to the greater of:

(1) the amount of the district's total tax revenue per weighted student in average daily attendance for the school year for which the contract is executed; or

(2) the amount of the statewide district average of total tax revenue per weighted student in average daily attendance for the school year preceding the school year for which the contract is executed.

Sec. 36.094. PAYMENT. (a) A school district shall pay for credits purchased in accordance with a schedule adopted by the commissioner of education, with all payments being made not later than February 15 of the school year for which the agreement is in effect.

(b) Receipts shall be deposited in the state treasury and may be used only for foundation school program purposes.

Sec. 36.095. DURATION. An agreement under this section is valid for one school year and, subject to Section 36.096, may be renewed annually.

Sec. 36.096. VOTER APPROVAL. (a) After first executing an agreement under this section, the board of trustees shall order and conduct an election, in the manner provided by Sections 19.003(d)-(h), to obtain voter approval of the agreement.

(b) The ballot shall be printed to provide for voting for or against the proposition: "Authorizing the board of trustees of _____ School District to purchase attendance credits from the

1 state with local tax revenues."

2 (c) The proposition is approved if the proposition receives
3 a favorable vote of a majority of the votes cast. If the
4 proposition is approved, the agreement executed by the board is
5 ratified, and the board has continuing authority to execute
6 agreements under this subchapter on behalf of the district without
7 further voter approval.

8 SUBCHAPTER E. CONTRACT FOR EDUCATION OF NONRESIDENT STUDENTS

9 Sec. 36.121. AGREEMENT. The board of trustees of a district
10 with a wealth per student that exceeds the equalized wealth level
11 may execute an agreement to educate the students of another
12 district in a number that, when the weighted average daily
13 attendance of the students served is added to the weighted average
14 daily attendance of the contracting district, is sufficient, in
15 combination with any other actions taken under this chapter, to
16 reduce the district's wealth per student to a level that is equal
17 to or less than the equalized wealth level. The agreement is not
18 effective unless the commissioner of education certifies that the
19 transfer of weighted average daily attendance will not result in
20 any of the contracting districts' wealth per student being greater
21 than the equalized wealth level and that the agreement requires an
22 expenditure per weighted student in average daily attendance that
23 is at least equal to the amount per weighted student in average
24 daily attendance required under Section 36.093, unless it is
25 determined by the commissioner that a quality educational program

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1 can be delivered at a lesser amount.

2 Sec. 36.122. VOTER APPROVAL. (a) After first executing an
3 agreement under this section, the board of trustees of the district
4 that will be educating nonresident students shall order and conduct
5 an election, in the manner provided by Sections 19.003(d)-(h), to
6 obtain voter approval of the agreement.

7 (b) The ballot shall be printed to provide for voting for or
8 against the proposition: "Authorizing the board of trustees of
9 _____ School District to educate students of other school
10 districts with local tax revenues."

11 (c) The proposition is approved if the proposition receives
12 a favorable vote of a majority of the votes cast. If the
13 proposition is approved, the agreement executed by the board is
14 ratified, and the board has continuing authority to execute
15 agreements under this subchapter on behalf of the district without
16 further voter approval.

17 Sec. 36.123. WADA COUNT. For purposes of Chapter 16,
18 students served under an agreement under this subchapter are
19 counted only in the weighted average daily attendance of the
20 district providing the services.

21 SUBCHAPTER F. TAX BASE CONSOLIDATION

22 Sec. 36.151. AGREEMENT. The board of trustees of two or
23 more school districts may execute an agreement to conduct an
24 election on the creation of a consolidated taxing district for the
25 maintenance and operation of the component school districts. The

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1 agreement is subject to approval by the commissioner of education.
2 The agreement is not effective unless the commissioner of education
3 certifies that the consolidated taxing district will have a wealth
4 per student equal to or less than the equalized wealth level after
5 all actions taken under this chapter.

6 Sec. 36.152. DATE OF ELECTION. Any agreement under this
7 subchapter must provide for the ordering of an election to be held
8 on the same date in each district.

9 Sec. 36.153. PROPOSITION. (a) The ballot shall be printed
10 to provide for voting for or against the proposition: "Creation of
11 a consolidated taxing district composed of the territory of
12 _____ school districts, and authorizing the
13 levy, assessment, and collection of annual ad valorem taxes for the
14 maintenance of the public free schools within that taxing district
15 at a rate not to exceed \$_____ on the \$100 valuation of taxable
16 property."

17 (b) The rate to be included in the proposition shall be
18 provided by the agreement among the districts but may not exceed
19 the maximum rate provided by law for independent school districts.

20 Sec. 36.154. APPROVAL. The proposition is approved only if
21 the proposition receives a favorable vote of the majority of the
22 votes cast within each participating school district.

23 Sec. 36.155. CONSOLIDATED TAXING DISTRICT. A consolidated
24 taxing district is a school district established for the limited
25 purpose of exercising the taxing power authorized by Article VII,

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Section 3, of the Texas Constitution and distributing the revenue to its component school districts.

Sec. 36.156. GOVERNANCE. (a) The consolidated taxing district is governed by the boards of the component school districts acting jointly.

(b) Any action taken by the joint board must receive a favorable vote of a majority of each component district's board of trustees.

Sec. 36.157. MAINTENANCE TAX. (a) The joint board shall levy a maintenance tax for the benefit of the component school districts not later than September 1 of each year or as soon thereafter as practicable.

(b) Each component district shall bear a share of the costs of assessing and collecting taxes in proportion to the component district's share of weighted average daily attendance in the consolidated taxing district.

(c) A component district may not levy an ad valorem tax for the maintenance and operation of the schools.

(d) Notwithstanding Sections 20.04 and 20.09, the consolidated taxing district may levy, assess, and collect a maintenance tax for the benefit of the component districts at a rate that exceeds \$1.50 per \$100 valuation of taxable property to the extent necessary to pay contracted obligations on the lease purchase of permanent improvements to real property entered into on or before May 12, 1993. The proposition to impose taxes at the

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necessary rate must be submitted to the voters in the manner provided by Section 20.04.

Sec. 36.158. REVENUE DISTRIBUTION. The consolidated taxing district shall distribute maintenance tax revenue to the component districts on the basis of the number of weighted students in average daily attendance in the component districts.

Sec. 36.159. TAXES OF COMPONENT DISTRICTS. (a) The governing board of a component school district of a consolidated taxing district that has consolidated for maintenance and operation purposes only may issue bonds and levy, pledge, and collect ad valorem taxes within that component district sufficient to pay the principal of and interest on those bonds as provided by Chapter 20.

(b) A component district levying an ad valorem tax under this section or Section 36.160(b)(1) is entitled to the guaranteed yield provided by Subchapter H, Chapter 16, for that portion of its tax rate that, when added to the maintenance tax levied by the consolidated taxing unit, does not exceed the limitation provided by Section 16.303.

Sec. 36.160. OPTIONAL TOTAL TAX BASE CONSOLIDATION. (a) An agreement executed under Section 36.151 may provide for total tax base consolidation instead of consolidation for maintenance and operation purposes only.

(b) Under an agreement providing for total tax base consolidation:

(1) the component districts may not levy maintenance

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1 or bond taxes, except to the extent necessary to retire bonds and
2 other obligations issued before the effective date of the
3 consolidation;

4 (2) the joint board may issue bonds and levy, pledge,
5 and collect ad valorem taxes sufficient to pay the principal of and
6 interest on those bonds, and issue refunding bonds, as provided by
7 Chapter 20 for independent school districts; and

8 (3) to the end of the ballot proposition required
9 under Section 36.153(a) shall be added ", and further to create a
10 consolidated tax base for the repayment of all bonded indebtedness
11 issued by the joint board of the taxing district after the
12 effective date of the consolidation and to authorize the joint
13 board to levy, pledge, and collect ad valorem taxes at a rate
14 sufficient to pay the principal of and interest on those bonds."

15 (c) Under an agreement providing for total tax base
16 consolidation:

17 (1) the component districts may provide for the
18 consolidated taxing district to assume all of the indebtedness of
19 all component districts; and

20 (2) to the end of the ballot proposition required by
21 Section 36.153(a) shall be added ", and further to create a
22 consolidated tax base for the repayment of all bonded indebtedness
23 issued by the joint board of the taxing district or previously
24 issued by the component school districts and to authorize the joint
25 board to levy, pledge, and collect ad valorem taxes at a rate

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1 sufficient to pay the principal of and interest on those bonds."

2 SUBCHAPTER G. DETACHMENT AND ANNEXATION BY

3 COMMISSIONER OF EDUCATION

4 Sec. 36.201. DEFINITION. In this subchapter, "mineral
5 property" means a real property mineral interest that has been
6 severed from the surface estate by a mineral lease creating a
7 determinable fee or by a conveyance that creates an interest
8 taxable separately from the surface estate. A mineral property
9 includes each royalty interest, working interest, or other
10 undivided interest in the mineral property.

11 Sec. 36.202. DETERMINATION OF TAXABLE VALUE. (a) For
12 purposes of this subchapter, the taxable value of an individual
13 parcel or other item of property and the total taxable value of
14 property in a school district resulting from the detachment of
15 property from or annexation of property to that district is
16 determined by applying the appraisal ratio for the appropriate
17 category of property determined under Section 11.86 for the
18 preceding tax year to the taxable value of the detached or annexed
19 property determined under Title 1, Tax Code, for the preceding tax
20 year.

21 (b) For purposes of this subchapter, the taxable value of
22 all or a portion of a parcel or item of real property includes the
23 taxable value of personal property having taxable situs at the same
24 location as the real property.

25 Sec. 36.203. PROPERTY SUBJECT TO DETACHMENT AND ANNEXATION.

1 (a) Only the following property may be detached and annexed under
2 this subchapter:

3 (1) a mineral property;

4 (2) real property used in the operation of a public
5 utility, including a pipeline, pipeline gathering system, or
6 railroad or other rail system; and

7 (3) real property used primarily for industrial or
8 other commercial purposes, other than property used primarily for
9 agriculture or for residential purposes.

10 (b) If a final judgment of a court determines that a mineral
11 interest may not be annexed and detached as provided by this
12 subchapter without an attendant annexation and detachment of the
13 surface estate or any other interest in the same land, the
14 detachment, and annexation of a mineral interest under this
15 subchapter includes the surface estate and each other interest in
16 the land covered by the mineral interest.

17 Sec. 36.204. TAXATION OF PERSONAL PROPERTY. Personal
18 property having a taxable situs at the same location as real
19 property detached and annexed under this subchapter is taxable by
20 the school district to which the real property is annexed.

21 Sec. 36.205. DETACHMENT OF PROPERTY. (a) The commissioner
22 shall detach property under this section from each school district
23 from which the commissioner is required under Section 36.004 to
24 detach property under this subchapter.

25 (b) The commissioner shall detach from each school district

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1 covered by Subsection (a) one or more whole parcels or items of
2 property in descending order of the taxable value of each parcel or
3 item, beginning with the parcel or item having the greatest taxable
4 value, until the school district's wealth per student is equal to
5 or less than the equalized wealth level, except as otherwise
6 provided by Subsection (c).

7 (c) If the detachment of whole parcels or items of property,
8 as provided by Subsection (a) would result in a district's wealth
9 per student that is less than the equalized wealth level by more
10 than \$10,000, the commissioner may not detach the last parcel or
11 item of property and shall detach the next one or more parcels or
12 items of property in descending order of taxable value that would
13 result in the school district having a wealth per student that is
14 equal to or less than the equalized wealth level by not more than
15 \$10,000.

16 (d) Notwithstanding Subsections (a)-(c), the commissioner
17 may detach only a portion of a parcel or item of property if:

18 (1) it is not possible to reduce the district's wealth
19 per student to a level that is equal to or less than the equalized
20 wealth level under this subchapter unless some or all of the parcel
21 or item of property is detached and the detachment of the whole
22 parcel or item would result in the district from which it is
23 detached having a wealth per student that is less than the
24 equalized wealth level by more than \$10,000; or

25 (2) the commissioner determines that a partial

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detachment of that parcel or item of property is preferable to the detachment of one or more other parcels or items having a lower taxable value in order to minimize the number of parcels or items of property to be detached consistent with the purposes of this chapter.

Sec. 36.206. ANNEXATION OF PROPERTY. (a) The commissioner shall annex property detached under Section 36.205 to school districts eligible for annexation in accordance with this section. A school district is eligible for annexation of property to it under this subchapter only if, before any detachments or annexations are made in a year, the district's wealth per student is less than the greatest level for which funds are provided under Subchapter H, Chapter 16.

(b) Property may be annexed to a school district without regard to whether the property is contiguous to other property in that district.

(c) The commissioner shall annex property detached from school districts beginning with the property detached from the school district with the greatest wealth per student before detachment, and continuing with the property detached from each other school district in descending order of the district's wealth per student before detachment.

(d) The commissioner shall annex the parcels or items of property detached from a school district to other school districts that are eligible for annexation of property in descending order of

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the taxable value of each parcel or item according to the following priorities:

(1) first, to the eligible school districts assigned to the same county as the school district from which the property is detached whose total adopted tax rate for the preceding tax year does not exceed by more than \$0.15 the total tax rate adopted for that year by the school district from which the property is detached;

(2) second, to the eligible school districts served by the same Regional Education Service Center as the district from which the property is detached whose total adopted tax rate for the preceding tax year does not exceed by more than \$0.10 the total tax rate adopted for that year by the school district from which the property is detached; and

(3) third, to other eligible school districts whose total adopted tax rate for the preceding tax year does not exceed by more than \$0.05 the total tax rate adopted for that year by the school district from which the property is detached.

(e) If the districts identified by Subsection (d) for a school district are insufficient to annex all the property detached from the school district, the commissioner shall increase, for purposes of this section, all the maximum difference in tax rates allowed under Subsection (d) in increments of \$0.01 until the districts are identified that are sufficient to annex all the property detached from the district.

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1 (f) If only one school district is eligible to annex
 2 property detached from a school district within a priority group
 3 established by Subsections (d) and (e), the commissioner shall
 4 annex property to that district until it reaches a wealth per
 5 student equal as nearly as possible to the greatest level for which
 6 funds are provided under Subchapter H, Chapter 16, by annexing
 7 whole parcels or items of property. Any remaining detached
 8 property shall be annexed to eligible school districts in the next
 9 priority group as provided by this section.

10 (g) If more than one school district is eligible to annex
 11 property detached from a school district within a priority group
 12 established by Subsections (d) and (e), the commissioner shall
 13 first annex property to the district within the priority group to
 14 which could be annexed the most taxable value of property without
 15 increasing its wealth per student above the greatest level for
 16 which funds are provided under Subchapter H, Chapter 16, until that
 17 district reaches a wealth per student equal as nearly as possible
 18 to the greatest level for which funds are provided under Subchapter
 19 H, Chapter 16, by annexing whole parcels or items of property.
 20 Then any additional detached property shall be annexed in the same
 21 manner to other eligible school districts in the same priority
 22 group in descending order of capacity to receive taxable value of
 23 annexed property without increasing the district's wealth per
 24 student above the greatest level for which funds are provided under
 25 Subchapter H, Chapter 16. If every school district in a priority

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1 group reaches a wealth per student equal to the greatest level for
 2 which funds are provided under Subchapter H, Chapter 16, as nearly
 3 as possible, the remaining detached property shall be annexed to
 4 school districts in the next priority group in the manner provided
 5 by this section.

6 (h) For purposes of this section, a portion of a parcel or
 7 item of property detached in that subdivided form from a school
 8 district is treated as a whole parcel or item of property.

9 (i) The commissioner may order the annexation of a portion
 10 of a parcel or item of property, including a portion of property
 11 treated as a whole parcel or item under Subsection (h), if:

12 (1) the annexation of the whole parcel or item would
 13 result in the district eligible to receive it in the appropriate
 14 priority order provided by this section having a wealth per student
 15 greater than \$10,000 more than the greatest level for which funds
 16 are provided under Subchapter H, Chapter 16; or

17 (2) the commissioner determines that annexation of
 18 portions of the parcel or item would reduce disparities in district
 19 wealth per student more efficiently than would be possible if the
 20 parcel or item were annexed as a whole.

21 (j) The commissioner may modify the priorities established
 22 by this section as the commissioner considers reasonable to
 23 minimize or reduce the number of school districts to which the
 24 property detached from a school district is annexed, to minimize or
 25 reduce the geographic dispersal of property in a school district,

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1 to minimize or reduce disparities in school district wealth per
2 student that would otherwise result, or to minimize or reduce any
3 administrative burden or expense.

4 (k) For purposes of this section, a school district is
5 assigned to a county if the school district is assigned to that
6 county in the 1992-1993 Texas School Directory published by the
7 Central Education Agency.

8 Sec. 36.207. LIMITATIONS ON DETACHMENT AND ANNEXATION. The
9 commissioner may detach and annex property under this subchapter
10 only if:

11 (1) the property is not exempt from ad valorem
12 taxation under Section 11.20 or 11.21, Tax Code; and

13 (2) the property does not contain a building or
14 structure owned by the United States, this state, or a political
15 subdivision of this state that is exempt from ad valorem taxation
16 under law.

17 Sec. 36.208. ORDERS AND NOTICE. (a) The commissioner shall
18 order any detachments and annexations of property under this
19 subchapter not later than November 8 of each year.

20 (b) As soon as practicable after issuing the order under
21 Subsection (a), the commissioner shall notify each affected school
22 district and the appraisal district in which the affected property
23 is located of the determination.

24 Sec. 36.209. TREATMENT OF SUBDIVIDED PROPERTY. (a) If the
25 commissioner orders the detachment or annexation of a portion of a

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parcel or item of property under this subchapter, the order shall specify the portion of the taxable value of the property to be detached or annexed and may, but need not, describe the specific area of the parcel or item to be detached or annexed.

(b) If an order for the detachment or annexation of a portion of a parcel or item of property does not describe the specific area of the parcel or item to be detached or annexed, the commissioner, as soon as practicable after issuing the order, shall determine the specific area to be detached or annexed and shall certify that determination to the appraisal district for the county in which the property is located.

(c) If portions of a parcel or item of property are located in two or more school districts as the result of a detachment or annexation, the parcel or item shall be appraised for taxation as a unit, and the commissioner shall determine the portion of the taxable value of the property that is located in each of those school districts based on the square footage of the property, or any other reasonable method adopted by the commissioner.

Sec. 36.210. DUTIES OF CHIEF APPRAISER. (a) The chief appraiser of each appraisal district shall cooperate with the commissioner in administering this subchapter. The commissioner may require the chief appraiser to submit any reports or provide any information available to the chief appraiser in the form and at the times required by the commissioner.

(b) As soon as practicable after the detachment and

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1 annexation of property, the chief appraiser of the appraisal
2 district for the school district from which the property is
3 detached shall send a written notice of the detachment and
4 annexation to the owner of any property taxable in a different
5 school district as a result of the detachment and annexation. The
6 notice must include the name of the school district by which the
7 property is taxable after the detachment and annexation.

8 (c) The commissioner may reimburse an appraisal district for
9 any costs incurred in administering this subchapter and may
10 condition the reimbursement or the amount of the reimbursement on
11 the timely submission of reports or information required by the
12 commissioner or the satisfactory performance of any other action
13 required or requested by the commissioner.

14 Sec. 36.211. STUDENT ATTENDANCE. A student who is a
15 resident of real property detached from a school district may
16 choose to attend school in that district or in the district to
17 which the property is annexed. For purposes of determining average
18 daily attendance under Section 16.006, the student shall be counted
19 in the district to which the property is annexed. If the student
20 chooses to attend school in the district from which the property is
21 detached, the state shall withhold any foundation school funds from
22 the district to which the property is annexed and shall allocate to
23 the district in which the student is attending school those funds
24 and the amount of funds equal to the difference between the state
25 funds the district is receiving for the student and the district's

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cost in educating the student.

Sec. 36.212. BOND TAXES. Property detached from a school district is released from the obligation for any tax to pay principal and interest on bonds authorized by the district before detachment. The property is subject to any tax to pay principal or interest on bonds authorized by the district to which the property is annexed whether authorized before or after annexation.

Sec. 36.213. DETERMINATION BY COMMISSIONER FINAL. A decision or determination of the commissioner of education under this subchapter is final and not appealable.

SUBCHAPTER H. CONSOLIDATION BY COMMISSIONER OF EDUCATION

Sec. 36.251. COMMISSIONER ORDER. If the commissioner of education is required under Section 36.004 to order the consolidation of districts, the consolidation is governed by this subchapter. The commissioner's order shall be effective on a date determined by the commissioner, but not later than the earliest practicable date after November 8.

Sec. 36.252. SELECTION CRITERIA. (a) In selecting the districts to be consolidated with a district that has a property wealth greater than the equalized wealth level, the commissioner shall select one or more districts with a wealth per student that, when consolidated, will result in a consolidated district with a wealth per student equal to or less than the equalized wealth level. In achieving that result, the commissioner shall give priority to school districts in the following order:

1 (1) first, to the contiguous district that has the
2 lowest wealth per student and is located in the same county;

3 (2) second, to the district that has the lowest wealth
4 per student and is located in the same county;

5 (3) third, to a contiguous district with a property
6 wealth below the equalized wealth level that has requested the
7 commissioner that it be considered in a consolidation plan;

8 (4) fourth, to include as few districts as possible
9 that fall below the equalized wealth level within the consolidation
10 order that have not requested the commissioner to be included;

11 (5) fifth, to the district that has the lowest wealth
12 per student and is located in the same regional education service
13 center area; and

14 (6) sixth, to a district that has a tax rate similar
15 to that of the district that has a property wealth greater than the
16 equalized wealth level.

17 (b) The commissioner may not select a district that has been
18 created as a result of consolidation by agreement under Subchapter
19 B to be consolidated under this subchapter with a district that has
20 a property wealth greater than the equalized wealth level.

21 (c) In applying the selection criteria specified by
22 Subsection (a), if more than two districts are to be consolidated,
23 the commissioner shall select the third and each subsequent
24 district to be consolidated by treating the district that has a
25 property wealth greater than the equalized wealth level and the

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1 district or districts previously selected for consolidation as one
2 district.

3 Sec. 36.253. GOVERNANCE. (a) Until the initial trustees
4 elected as provided by Subsection (b) have qualified and taken
5 office, a district consolidated under this subchapter is governed
6 by a transitional board of trustees consisting of the board of
7 trustees of the district having the greatest student membership on
8 the last day of the school year preceding the consolidation plus
9 one member of the board of trustees of each other consolidating
10 district selected by that board.

11 (b) The transitional board of trustees shall divide the
12 consolidated district into nine single-member trustee districts in
13 accordance with the procedures provided by Section 23.024. The
14 transitional board shall order an election for the initial board of
15 trustees to be held on the first January uniform election date
16 after the effective date of a consolidation order.

17 (c) Members of the board of trustees of a consolidated
18 district serve staggered terms of office for four years.

19 (d) Section 19.058 applies to districts consolidated under
20 this subchapter.

21 Sec. 36.254. DISSOLUTION OF CONSOLIDATED DISTRICT. (a) If
22 the legislature abolishes ad valorem taxes for public school
23 maintenance and operations and adopts another method of funding
24 public education, the board of trustees of a consolidated district
25 created under this subchapter may dissolve the consolidated

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district, provided that the dissolution is approved by a majority of those voters residing within the district participating in an election called for the purpose of approving the dissolution of the consolidated school district.

(b) If a consolidated district is dissolved, each of the former districts is restored as a separate district and is classified as an independent district.

(c) Title to real property of the consolidated district is allocated to the restored district in which the property is located. Title to proportionate shares of the fund balances and personal property of the consolidated district, as determined by Subsection (e), are allocated to each restored district.

(d) Each of the restored districts assumes and is liable for:

(1) indebtedness of the consolidated district that relates to real property allocated to the district; and

(2) a proportionate share, as determined by Subsection (e), of indebtedness of the consolidated district that does not relate to real property.

(e) A restored district's proportionate share of fund balances, personal property, or indebtedness is equal to the proportion that the number of students in average daily attendance in the restored district bears to the number of students in average daily attendance in the consolidated district.

Sec. 36.255. FUND BALANCES. Fund balances of a school

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district consolidated under this subchapter may be used only for the benefit of the schools within the district that generated the funds.

Sec. 36.256. EMPLOYMENT CONTRACTS. A consolidated district created under this subchapter shall honor an employment contract entered into by a consolidating district.

Sec. 36.257. APPLICATION OF SMALL AND SPARSE ADJUSTMENTS AND TRANSPORTATION ALLOTMENT. The budget of the consolidated district must apply the benefit of the adjustment or allotment to the schools of the consolidating district to which Section 16.103, 16.104, or 16.156 would have applied in the event that the consolidated district still qualifies as a small or sparse district.

SECTION 1.02. (a) Subsection (a), Section 18.03, Education Code, is amended to read as follows:

(a) A county-unit system may not be adopted under this chapter after May 1, 1993. A system purportedly created after that date is dissolved September 1, 1993. This subsection does not affect the existence or operation of a county-unit system adopted before that date. [Any-county-in-this-state-may-at-an-election called-for-that-purpose-under-the-provisions-of-this-chapter-and-to the-extent-herein-provided,adopt-a-county-unit-system-of-education for-the-purpose-of-levying,--assessing,--and--collecting--a--school equalization--tax-and-for-such-other-administrative-purposes-as-are authorized-in-this-chapter.]

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1 (b) Sections 18.04, 18.21, 18.22, 18.23, 18.24, and 18.31,
2 Education Code, are repealed.

3 SECTION 1.03. (a) Notwithstanding any provision of Chapter
4 36, Education Code, as added by this Act, this section applies to
5 actions in 1993 to achieve the equalized wealth level.

6 (b) The commissioner shall make the determinations of wealth
7 per student not later than August 30, 1993. The commissioner may
8 use wealth and weighted student data from the current year or the
9 preceding school year for purposes of those determinations. The
10 commissioner shall immediately notify each district that exceeds
11 the equalized wealth level and each district with which the
12 commissioner intends to consolidate that district under Subchapter
13 G, Chapter 36, Education Code, as added by this Act.

14 (c) Notwithstanding Section 36.006(b), Education Code, as
15 added by this Act, if not later than October 19, 1993, a school
16 district notified under Section 36.004(a)(1), Education Code, as
17 added by this Act, has not exercised one or more options under
18 Section 36.003, Education Code, as added by this Act, that reduce
19 the district's wealth per student to a level equal to or less than
20 the equalized wealth level, the commissioner of education, not
21 later than November 8, 1993, shall order detachment of territory as
22 provided by Subchapter G, Chapter 36, Education Code, as added by
23 this Act. If detachment under that subchapter will not reduce the
24 district's wealth per student to a level equal to or less than the
25 equalized wealth level, the commissioner of education shall order
26 the consolidation of the district with one or more other districts

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1 as provided by Subchapter H, Chapter 36, Education Code, as added
2 by this Act.

3 SECTION 1.04. This article takes effect immediately.

4 ARTICLE 2

5 SECTION 2.01. Chapter 16, Education Code, is reenacted and
6 amended to read as follows:

7 CHAPTER 16. FOUNDATION SCHOOL PROGRAM

8 SUBCHAPTER A. GENERAL PROVISIONS

9 Sec. 16.001. STATE POLICY. (a) It is the policy of the
10 State of Texas that the provision of public education is a state
11 responsibility and that a thorough and efficient system be provided
12 and substantially financed through state revenue sources so that
13 each student enrolled in the public school system shall have access
14 to programs and services that are appropriate to his or her
15 educational needs and that are substantially equal to those
16 available to any similar student, notwithstanding varying local
17 economic factors.

18 (b) The public school finance system of the State of Texas
19 shall adhere to a standard of neutrality which provides for
20 substantially equal access to similar revenue per student at
21 similar tax effort, considering all state and local tax revenues of
22 districts after acknowledging all legitimate student and district
23 cost differences.

24 Sec. 16.002. PURPOSE OF FOUNDATION SCHOOL PROGRAM. (a) The
25 purposes of the Foundation School Program set forth in this chapter

are to guarantee that each school district in the state has:

(1) adequate resources to provide each eligible student a basic instructional program and facilities suitable to the student's educational needs; and

(2) access to a substantially equalized program of financing in excess of basic costs for certain services, as provided by this chapter.

(b) The Foundation School Program consists of two tiers to provide for the purposes specified by Subsection (a) of this section. The first tier guarantees sufficient financing for all school districts to provide a basic program of education that meets accreditation and other legal standards. The second tier provides a guaranteed yield system of financing to provide all school districts with substantially equal access to funds to provide an enriched program and additional funds for facilities.

Sec. 16.003. STUDENT ELIGIBILITY. (a) A student is entitled to the benefits of the Foundation School Program if he is 5 years of age or older and under 21 years of age at the beginning of the scholastic year and has not graduated from high school.

(b) A student to whom Subsection (a) of this section does not apply is entitled to the benefits of the Foundation School Program if the student is enrolled in a prekindergarten class under Section 21.136 of this code.

(c) The commissioner of education, in consultation with the Commissioner of Human Services, shall monitor and evaluate

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1 prekindergarten programs in the State of Texas as to their
2 developmental appropriateness. Furthermore, the commissioner of
3 education, in consultation with the Commissioner of Human Services,
4 shall evaluate the potential for coordination on a statewide basis
5 of prekindergarten programs with government-funded early childhood
6 care and education programs such as child care administered under
7 Chapter 44 of the Human Resources Code and federal Head Start
8 programs. This evaluation shall utilize recommendations contained
9 in the report to the 71st Legislature required by Chapter 717, Acts
10 of the 70th Legislature, Regular Session, 1987. For the purpose of
11 providing cost-effective care for children during the full work day
12 with developmentally appropriate curriculum, the commissioners
13 shall investigate the use of existing child care program sites as
14 prekindergarten sites. Following the evaluation required by this
15 section, the commissioners, in cooperation with school districts
16 and other program administrators, shall integrate programs, staff,
17 and program sites for prekindergarten, child care, and federal Head
18 Start programs to the greatest extent possible.

19 (d) A child may be enrolled in the first grade if he is at
20 least six years of age at the beginning of the scholastic year or
21 has been enrolled in the first grade or has completed kindergarten
22 in the public schools in another state prior to transferring to a
23 Texas public school.

24 Sec. 16.005. ADMINISTRATION OF THE PROGRAM. The
25 commissioner of education, in accordance with the rules of the

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1 State Board of Education, shall take such action and require such
2 reports consistent with the terms of this chapter as may be
3 necessary to implement and administer the Foundation School
4 Program.

5 Sec. 16.006. AVERAGE DAILY ATTENDANCE. (a) In this
6 chapter:

7 (1) for the 1993-1994 and 1994-1995 school years,
8 average daily attendance is determined by the daily attendance as
9 averaged each month of the minimum school year as described under
10 Section 16.052(a); and

11 (2) for the 1995-1996 school year and each year
12 thereafter, average daily attendance is the quotient of the sum of
13 attendance for each day of the minimum school year as described
14 under Section 16.052(a) and for each day approved by the
15 commissioner of education for an extended year program under
16 Section 21.562 divided by the number of days in the minimum school
17 year [of-this-code].

18 (b) A school district that experiences a decline of two
19 percent or more in average daily attendance as a result of the
20 closing or reduction in personnel of a military base shall be
21 funded on the basis of the actual average daily attendance of the
22 immediately preceding school year.

23 (c) The commissioner of education shall adjust the average
24 daily attendance of school districts that have a significant
25 percentage of students whose parent or guardian is a migrant

worker. For the purposes of this subsection, "migrant worker" has the meaning assigned by Section 35.029 [24-55+5] of this code.

(d) The commissioner may adjust the average daily attendance of a school district in which a disaster, flood, extreme weather condition, fuel curtailment, or other calamity has a significant effect on the district's attendance.

Sec. 16.007. PUBLIC EDUCATION INFORMATION MANAGEMENT SYSTEM (PEIMS). (a) Each school district [~~and--each-county-education district~~] shall participate in the Public Education Information Management System (PEIMS) and shall provide through that system information required for the administration of this chapter and of other appropriate provisions of this code.

(b) Each school district shall use a uniform accounting system adopted by the commissioner of education for the data required to be reported for the Public Education Information Management System.

(c) Annually, the commissioner of education shall review the Public Education Information Management System and shall repeal or amend rules that require school districts to provide information through the Public Education Information Management System that is not necessary or useful. In reviewing and revising the Public Education Information Management System, the commissioner shall develop rules to ensure that the system provides useful, accurate, and timely information on student demographics and academic performance, personnel, and school district finances. [The-Central

Education-Agency-shall-report-annually-to-the-Legislative-Education Board--the-financial-status-of-each-county-education-district.--The report-shall-include-the-total-state-and-local--education--revenues for-each-tier-of-the-Foundation-School-Program.]

Sec. 16.008. EQUALIZED FUNDING ELEMENTS. (a) The Legislative Education Board shall adopt rules, subject to appropriate notice and opportunity for public comment, for the calculation for each year of a biennium of the qualified funding elements under Section 16.256(e) of this code necessary to achieve the state policy under Section 16.001 of this code not later than the 1994-1995 school year and for each school year thereafter.

(b) Not [Beginning--in--1992,--not] later than October 1 preceding each regular session of the legislature, the board shall report the equalized funding elements to the foundation school fund budget committee, the commissioner of education, and the legislature.

[Sec.-16.009:--REVENUE-LIMIT:--(a)--The-revenue-limit--is--an amount--equal-to-110-percent-of-the-amount-of-state-and-local-funds guaranteed-under-the--Foundation--School--Program--per--student--in weighted--average--daily--attendance--to--each-school-district-at-a total-tax-rate-of-\$0.25-per-\$100-of-taxable-value--of--property--as calculated-for-the-1994-1995-school-year:]

[(b)--Not--later-than-April-15,--the-commissioner-of-education shall-estimate-the-revenue-limit-for-each-school-district--for--the current--school--year--and-shall-certify-that-amount-to-each-school

district.

[(c) -- Not later than August 15 of each year the commissioner of education shall determine as nearly as possible for the current school year:

[(1) -- the total amount of state and local funds per student in weighted average daily attendance available in each school district; and

[(2) -- the total amount of state and local funds per student in weighted average daily attendance required for debt service in each school district.

[(d) -- The commissioner shall determine the total number of students in weighted average daily attendance in school districts in which the amount specified in Subsection (c)(1) of this section, less the amount specified in Subsection (c)(2) of this section, exceeds the revenue limit.

[(e) -- If the total number of students in weighted average daily attendance in districts with state and local revenues exceeding the revenue limit equals or exceeds two percent of the total number of students in weighted average daily attendance for the current school year, no school district may levy a tax at a rate that would result in an amount of state and local funds, excluding funds required for debt service, during the next school year that exceeds the revenue limit, except that those districts exceeding the revenue limit may maintain during the next school year the total amount of state and local funds per student in

1 weighted-average-daily-attendance-for-the-current-school-year.--The
2 commissioner-shall-notify-those-districts--in--which--revenues--are
3 subject-to-the-limitation-imposed-in-this-subsection.

4 [(f) --In-this-section:

5 [(1) --"Weighted--student--in--average-daily-attendance"
6 has-the-meaning-assigned-in-Section-16.302-of-this-code.

7 [(2) --"Taxable--value--of--property"--has--the--meaning
8 assigned-in-Section-11.86-of-this-code.

9 [Sec.--16.010.--DEFINITION:----In---this---chapter,----"school
10 district"--does--not--include--a--county--education-district-unless
11 expressly-included.

12 [Sec.--16.011.--NOTICE-OF-YIELDS-TO--BE--PUBLISHED:---(a)--Not
13 earlier--than-the-30th-day-or-later-than-the-seventh-day-before-the
14 date-of-adopting-a-tax-rate-for-the-years--1991,--1992,--1993,--and
15 1994,--a--school-district-shall-publish-the-following-notice,--using
16 the-yields-and-tax-rates-certified-by-the-commissioner:

17 ["NOTICE-OF-COMPARABLE-TAX-RATES-AND-REVENUES

18 ["The-legislature-has-enacted-a-statute-on-school-funding--to
19 comply--with--a--court--mandate--enforcing--the-state-constitution.
20 Under-prior-statutes,--the-tax-rate-for-last-year-provides-----per
21 student-in-state-and-local-revenues.--Under-this-statute,--that-same
22 rate-now-provides-----per-student-in-state-and-local-revenues.

23 ["State-law-only-requires-a-minimum-tax--rate--of-----for
24 county--education--districts.---State-law-does-not-require-a-school
25 district-to-adopt-additional-taxes.--Neither-does-state-law-require

1 a-school-district-to-adopt-a-tax-rate-that-maximizes-the-receipt-of
2 state-funds.

3 ["The-board-of-trustees-of-the-----School--District--hereby
4 gives--notice--that-it-is-considering-the-adoption-of-a-tax-rate-of
5 -----that-will-provide-----per--student--in--state--and--local
6 revenues."]

7 [(b) --If--a--district--is-required-to-give-public-notice-of-a
8 hearing-under-Section-26.067-Tax-Code--the--notice--described--by
9 Subsection--(a)--of--this--section--may-be-included-in-the-required
10 notice-under-Section-26.067-Tax-Code.

11 [(c) --The-notice-described-by-Subsection-(a)-of-this--section
12 shall---be---published--in--the--two--newspapers--with--the--largest
13 circulation-within-the-school-district-unless-only-one-newspaper-is
14 in-general-circulation-within-the-district.--The-notice-may-not--be
15 smaller--than-one-quarter-page-of-a-standard-size-or-a-tabloid-size
16 newspaper--and-the-headline-must-be-18-point-or-larger-type.

17 [(d) --The-notice-described-by-Subsection-(a)-of-this--section
18 must--also--be--included--in--the--tax-bill-or-a-separate-statement
19 accompanying-the-tax-bill.

20 [(e) --The-commissioner-shall-adopt-rules--to--implement--this
21 section.

22 [(f) --This-section-expires-January-17-1995.]

23 SUBCHAPTER B. REQUIREMENTS FOR DISTRICT PARTICIPATION IN THE
24 FOUNDATION SCHOOL PROGRAM FUND

25 Sec. 16.051. REQUIRED COMPLIANCE. In order to receive

1 financial support from the Foundation School Fund, a school
2 district must comply with the standards set forth in this
3 subchapter.

4 Sec. 16.052. OPERATION OF SCHOOLS; TEACHER PREPARATION AND
5 STAFF DEVELOPMENT. (a) Each school district must provide for not
6 less than 180 days of instruction for students and not less than
7 three days of preparation for teachers for each school year, except
8 as provided in Subsection (c) of this section.

9 (b) Each school district must provide for not less than 20
10 hours of staff development training under guidelines provided by
11 the commissioner of education. The training provided must include
12 technology training and must occur during regular hours of required
13 teacher service. On the request of a teacher, a school district
14 may credit the teacher compensatory time to be applied toward the
15 number of training hours required under this subsection for
16 workshops, conferences, or other professional training that the
17 teacher has attended.

18 (c) The commissioner of education may approve the operation
19 of schools for less than the number of days of instruction and
20 teacher preparation otherwise required when disasters, floods,
21 extreme weather conditions, fuel curtailments, or other calamities
22 have caused the closing of the school.

23 (d) Each school district may reserve three hours of the
24 first preparation day provided each school year under Subsection
25 (a) of this section for faculty staff meetings.

(e) The staff development required by this section must be predominantly campus-based, for the purpose of improving student achievement, and planned with the involvement of the campus school committee established under Section 21.931 of this code. Campus staff development may include activities that enable the campus staff to plan together, to enhance existing skills, to share effective strategies, to reflect on curricular and instructional issues, to analyze student achievement results, to reflect on means of increasing student achievement, to study research, to practice new methods, to identify students' strengths and needs, to develop meaningful programs for students, to appropriately implement site-based decision making, and to conduct action research. Staff development activities may include study teams, individual research, peer coaching, workshops, seminars, conferences, and other reasonable activities that have the potential to improve student achievement.

Sec. 16.053. ACCREDITATION. Each school district must be accredited by the Central Education Agency.

Sec. 16.054. STUDENT/TEACHER RATIOS; CLASS SIZE.
(a) Except as provided by Subsection (b) of this section, each school district must employ a sufficient number of certified teachers to maintain an average ratio of not less than one teacher for each 20 students in average daily attendance.

(b) A school district may not enroll more than 22 students in a kindergarten, first, second, third, or fourth grade class.

1 This requirement shall not apply during the last 12 weeks of any
2 school year.

3 (c) In determining the number of students to enroll in any
4 class, a district shall consider the subject to be taught, the
5 teaching methodology to be used, and any need for individual
6 instruction.

7 (d) On application of a school district, the commissioner
8 may except the district from the limits in Subsection (b) of this
9 section if the commissioner finds the limits work an undue hardship
10 on the district. An exception expires at the end of the semester
11 for which it is granted, and the commissioner may not grant an
12 exception for more than one semester at a time.

13 (e) The commissioner shall report to the legislature each
14 biennium regarding compliance with this section. The report must
15 include:

16 (1) a statement of the number of school districts
17 granted an exception under Subsection (d) of this section; and

18 (2) an estimate of the total cost incurred by school
19 districts in that biennium in complying with this section.

20 Sec. 16.055. COMPENSATION OF PROFESSIONAL AND
21 PARAPROFESSIONAL PERSONNEL. (a) A school district must pay each
22 employee who is qualified for and employed in a position classified
23 under the Texas Public Education Compensation Plan set forth in
24 Section 16.056 of this chapter not less than the minimum monthly
25 base salary, plus increments for teaching experience, specified for

the position.

(b) Contracts for personnel shall be made on the basis of a minimum of 10 months' service, which must include the number of days of instruction for students and days of preparation for personnel required by Section 16.052 of this code. The days of preparation required herein shall be conducted by local boards of education under rules and regulations established by the State Board of Education that are consistent with the state accreditation standards for program planning, preparation, and improvement. Personnel employed for more than 10 months shall be paid not less than the minimum monthly base pay plus increments for experience for each month of actual employment. Personnel employed for 11 months at pay grades 1-11 must render 202 days of service, and personnel employed for 12 months at pay grades 1-11 must render 220 days of service. Personnel employed for 11 months at pay grades 12-18 must render 207 days of service, and personnel employed for 12 months at pay grades 12-18 must render 226 days of service. However, the number of days of service required by this subsection may be reduced by the commissioner under Section 16.052(c) of this code, and the reduction shall not reduce the total salaries of personnel.

(c) Notwithstanding Subsection (b) of this section, a vocational agriculture teacher employed for 12 months shall render 226 days of service regardless of pay grade.

Sec. 16.056. TEXAS PUBLIC EDUCATION COMPENSATION PLAN.

(a) School district personnel who are qualified for and employed in positions described in Subsection (d) of this section shall be paid not less than the monthly base salary, plus increments for teaching experience, set forth in Subsection (c) of this section, or greater amounts provided by appropriation.

(b) Each individual shall advance one step per each year of experience until step 10 is reached. For each year, up to a maximum of two years, of work experience required for certification in a vocational field, a vocational teacher who is certified in that field is entitled to salary step credit as if the work experience were teaching experience.

(c) SALARY SCHEDULE BY STEPS

| 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|------|------|------|------|------|------|------|------|------|------|------|
| 1700 | 1814 | 1928 | 2042 | 2156 | 2270 | 2384 | 2498 | 2612 | 2726 | 2840 |

(d) The following positions are entitled to the minimum monthly salary set by Subsection (c) of this section for the number of annual contract months specified:

| No. | Months Paid | Class Title |
|-----|-------------|---|
| 10 | | Nurse, R.N. and/or Bachelor's Degree |
| 10 | | Special Education Related Service Personnel (other than Occupational or Physical Therapist), |

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| | | |
|----|----|----------------------------|
| 1 | | Bachelor's Degree |
| 2 | 10 | Teacher, Bachelor's Degree |
| 3 | 10 | Vocational Teacher, |
| 4 | 11 | Bachelor's Degree and/or |
| 5 | 12 | Certified in Field |
| 6 | 10 | Librarian I, Bachelor's |
| 7 | | Degree |
| 8 | 10 | Visiting Teacher I, |
| 9 | | Psychological Associate, |
| 10 | | Bachelor's Degree |
| 11 | 10 | Special Education Related |
| 12 | | Service Personnel (other |
| 13 | | than Occupational or |
| 14 | | Physical Therapist), |
| 15 | | Master's Degree |
| 16 | 10 | Teacher, Master's Degree |
| 17 | 10 | Vocational Teacher, |
| 18 | 11 | Master's Degree |
| 19 | 12 | |
| 20 | 10 | Librarian II, Master's |
| 21 | | Degree |
| 22 | 10 | Physician, M.D. |
| 23 | 10 | Teacher, Bachelor of Laws |
| 24 | | or Doctor of Jurispru- |
| 25 | | dence Degree |

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|----|----|----------------------------|
| 1 | 10 | Teacher, Doctor's Degree |
| 2 | 10 | Special Duty Teacher, |
| 3 | | Master's Degree |
| 4 | 10 | Occupational Therapist |
| 5 | 10 | Physical Therapist |
| 6 | 10 | Educational Diagnostician |
| 7 | 10 | Visiting Teacher II, |
| 8 | | Master's Degree |
| 9 | 10 | Counselor I, Psychologist |
| 10 | 10 | School Social Worker |
| 11 | 10 | Supervisor I |
| 12 | 10 | Part-time Principal--11 or |
| 13 | | fewer teachers on campus |
| 14 | 10 | Instructional/Administra- |
| 15 | | tive Officer I |
| 16 | 10 | Assistant Principal--20 or |
| 17 | | more teachers on campus |
| 18 | 10 | Instructional/Administra- |
| 19 | | tive Officer II |
| 20 | 11 | Principal--19 or fewer |
| 21 | | teachers on campus |
| 22 | 10 | Instructional/Administra- |
| 23 | | tive Officer III |
| 24 | 11 | Principal--20-49 teachers |
| 25 | | on campus |

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|----|----|---------------------------|
| 1 | 11 | Instructional/Administra- |
| 2 | | tive Officer IV |
| 3 | 11 | Principal--50-99 teachers |
| 4 | | on campus |
| 5 | 12 | Principal--100 or more |
| 6 | | teachers on campus |
| 7 | 12 | Instructional/Administra- |
| 8 | | tive Officer V |
| 9 | 12 | Instructional/Administra- |
| 10 | | tive Officer VI |
| 11 | 12 | Superintendent--District |
| 12 | | with 3,000 |
| 13 | | or less ADA |
| 14 | 12 | Instructional/Administra- |
| 15 | | tive Officer VII |
| 16 | 12 | Superintendent--District |
| 17 | | with 3,001-12,500 ADA |
| 18 | 12 | Instructional/Administra- |
| 19 | | tive Officer VIII |
| 20 | 12 | Superintendent--District |
| 21 | | with 12,501-50,000 ADA |
| 22 | 12 | Superintendent--District |
| 23 | | with 50,000 or more ADA |

24 (e) With the approval of the State Board of Education, the
 25 commissioner of education may add additional positions and months

1 of service to the Texas Public Education Compensation Plan to
2 reflect curriculum and program changes authorized by law. With the
3 approval of the board, the commissioner shall also develop policies
4 for the implementation and administration of the compensation plan.

5 (f) Each person employed in the public schools of this state
6 who is an educational aide, teacher trainee, or nondegree teacher
7 or who is assigned to a position classified under the Texas Public
8 Education Compensation Plan must be certified according to the
9 certification requirements or standards for each position as
10 established by rule adopted by the State Board of Education.
11 However, additional certification may not be required of a person
12 holding a valid state license as a speech language pathologist or
13 audiologist. Persons other than those holding such a license may
14 only be employed to render such services if an acceptable licensed
15 applicant is not available.

16 (g) The State Board of Education shall prescribe the general
17 duties and required preparation and education for educational
18 aides, teacher trainees, and nondegree teachers and for the
19 positions listed in Subsection (d) of this section under the
20 circumstances described therein.

21 (h) In determining the placement of a teacher on the salary
22 schedule under Subsection (c) of this section, a district shall
23 credit the teacher for each year of experience, whether or not the
24 years are consecutive. Notwithstanding the provision of this
25 subsection, no teacher shall be placed on the salary schedule at a

step above the step where the teacher would have been placed had that teacher remained in continuous service.

[Sec. 16.057.---CAREER-LADDER-SALARY-SUPPLEMENT.---(a)---Except as provided by Subsection (c) of this section, each teacher on level two, three, or four of a career ladder is entitled to the following annual supplement in addition to the minimum salary set by this subchapter:

[Level 2-----\$2,000

[Level 3-----\$4,000

[Level 4-----\$6,000

(b)---If the district pays more than the state minimum salary prescribed by this subchapter, the teacher is entitled to the career ladder supplement in addition to the amount otherwise paid by the district for the teacher's step.

(c)---If the allotment under Section 16.158 of this code that is designated for support of the career ladder will not fully fund the supplements under this section:

(1)---the district may reduce the supplements to not less than the following:

[Level 2-----\$1,500

[Level 3-----\$3,000

[Level 4-----\$4,500

or,

(2)---provide for stricter performance criteria than that provided under Section 13.302 of this code, subject to the

~~approval-of-the-State-Board-of-Education,-or~~
~~[(3)--take-action-under-both-Subdivisions-(1)--and--(2)~~
~~of-this-subsection-]~~

SUBCHAPTER C. BASIC ENTITLEMENT

Sec. 16.101. BASIC ALLOTMENT. For each student in average daily attendance, not including the time students spend each day in special education programs in an instructional arrangement other than mainstream or vocational education programs, for which an additional allotment is made under Subchapter D of this chapter, a district is entitled to an allotment of \$2,300 [~~\$2,200-for-the-1991-1992-school-year,-\$2,400-for-the-1992-1993-school-year,-\$2,600-for-the-1993-1994-school-year,-and-\$2,800-for-the-1994-1995--school-year--and-thereafter~~] or a greater amount adopted by the foundation school fund budget committee under Section 16.256 of this code [~~for the-1993-1994-school-year-and--each--school--year--thereafter~~]. A greater amount for any school year may be provided by appropriation.

Sec. 16.102. COST OF EDUCATION ADJUSTMENT. (a) The basic allotment for each district is adjusted to reflect the geographic variation in known resource costs and costs of education due to factors beyond the control of the school district. [~~Except-as provided-by-this-section,-the-adjustment--is--that--provided--under Section-16-206-of-this-code-~~]

(b) The adjustment for the 1993-1994 and 1994-1995 [~~1991-1992-and-1992-1993~~] school years is the cost of education

index and formula adopted in December 1990 by the foundation school fund budget committee. ~~The [For-the-1991-1992-and-1992-1993-school years, the]~~ commissioner of education shall recalculate the cost of education index for school districts that are eligible for the adjustment under Section 16.103 of this code, excluding from the computation the calculation for the diseconomies of scale component and substituting a value of 1.00. Beginning with the 1995-1996 school year, the foundation school fund budget committee shall determine the cost of education adjustment under Section 16.256. ~~[This-subsection-expires-September-17-1993.]~~

Sec. 16.103. SMALL DISTRICT ADJUSTMENT. (a) The basic allotment for certain small districts is adjusted in accordance with Subsections (b) and (c) of this section. In this section:

(1) "AA" is the district's adjusted allotment per student;

(2) "ADA" is the number of students in average daily attendance for which the district is entitled to an allotment under Section 16.101 of this code; and

(3) "ABA" is the adjusted basic allotment determined under Section 16.102 of this code.

(b) The basic allotment ~~[average--daily--attendance]~~ of a school district that contains at least 300 square miles and has not more than 1,600 students in average daily attendance is adjusted by applying the formula:

$$AA = (1 + ((1,600 - ADA) \times .0004)) \times ABA$$

(c) The basic allotment [~~average--daily--attendance~~] of a school district that contains less than 300 square miles and has not more than 1,600 students in average daily attendance is adjusted by applying the formula:

$$AA = (1 + ((1,600 - ADA) \times .00025)) \times ABA$$

~~[(e)--This section expires September 17, 1993.]~~

Sec. 16.1031. USE OF SMALL DISTRICT ADJUSTMENT IN CALCULATING SPECIAL ALLOTMENTS. In determining the amount of a special allotment under Subchapter D of this chapter for a district to which Section 16.103 of this code applies, a district's adjusted basic allotment is considered to be the district's adjusted allotment determined under Section 16.103. ~~[This section expires September 17, 1993.]~~

Sec. 16.104. SPARSITY ADJUSTMENT. Notwithstanding Sections 16.101, 16.102, and 16.103 of this code, a school district that has fewer than 130 students in average daily attendance shall be provided an adjusted basic allotment on the basis of 130 average daily attendance if it offers a kindergarten through grade 12 program and has prior or current year's average daily attendance of at least 90 students or is 30 miles or more by bus route from the nearest high school district. A district offering a kindergarten through grade 8 program whose prior or current year's average daily attendance was at least 50 students or which is 30 miles or more by bus route from the nearest high school district shall be provided

an adjusted basic allotment on the basis of 75 average daily attendance. An average daily attendance of 60 students shall be the basis of providing the adjusted basic allotment if a district offers a kindergarten through grade 6 program and has prior or current year's average daily attendance of at least 40 students or is 30 miles or more by bus route from the nearest high school district. [~~This section expires September 17, 1993.~~]

SUBCHAPTER D. SPECIAL ALLOTMENTS

Sec. 16.151. SPECIAL EDUCATION. (a) For each student in average daily attendance in a special education program under Subchapter N, Chapter 21, in a mainstream instructional arrangement, a school district is entitled to an annual allotment equal to the adjusted basic allotment multiplied by 1.1. For each full-time equivalent student in average daily attendance in a special education program under Subchapter N, Chapter 21, of this code, in an instructional arrangement other than a mainstream instructional arrangement, a district is entitled to an annual allotment equal to the adjusted basic allotment multiplied by a weight determined according to instructional arrangement as follows:

| | |
|----------------------|-------------------|
| Homebound | 5.0 |
| Hospital class | <u>3.0</u> [5÷0] |
| Speech therapy | <u>5.0</u> [7÷11] |
| Resource room | <u>3.0</u> [2÷7] |

| | | |
|----|---------------------------------------|------------------|
| 1 | Self-contained, mild and moderate, | |
| 2 | regular campus | <u>3.0</u> [2-3] |
| 3 | Self-contained, severe, regular | |
| 4 | campus | <u>3.0</u> [3-5] |
| 5 | Self-contained, separate campus | 2.7 |
| 6 | Multidistrict class | <u>2.7</u> [3-5] |
| 7 | Nonpublic day school | <u>1.7</u> [3-5] |
| 8 | Vocational adjustment class | 2.3 |
| 9 | Community class | <u>2.7</u> [3-5] |
| 10 | [Mainstream-----0-25] | |

11 (b) A special instructional arrangement for handicapped
 12 students residing in care and treatment facilities, other than
 13 state schools, whose parents or guardians do not reside in the
 14 district providing education services shall be established under
 15 the rules of the State Board of Education. The funding weight for
 16 this arrangement shall be 4.0 [5-8] for those students who receive
 17 their education service on a local school district campus. A
 18 special instructional arrangement for handicapped students residing
 19 in state schools shall be established under the rules of the State
 20 Board of Education with a funding weight of 2.8 [5-8].

21 (c) Beginning with the 1995-1996 school year, the
 22 self-contained, separate campus; multidistrict class; and community
 23 class instructional arrangements shall be combined into a single
 24 instructional arrangement known as the off home campus
 25 instructional arrangement. For funding purposes, the number of

contact hours credited per day for each student in the off home campus instructional arrangement may not exceed the contact hours credited per day for the multidistrict class instructional arrangement in the 1992-1993 school year.

(d) Beginning with the 1995-1996 school year, for funding purposes the contact hours credited per day for each student in the resource room; self-contained, mild and moderate; and self-contained, severe, instructional arrangements may not exceed the average of the statewide total contact hours credited per day for those three instructional arrangements in the 1992-1993 school year.

(e) The State Board of Education by rule shall prescribe the qualifications an instructional arrangement must meet in order to be funded as a particular instructional arrangement under this section. In prescribing the qualifications that a mainstream instructional arrangement must meet, the board shall establish requirements that students with disabilities and their teachers receive the direct, indirect, and support services that are necessary to enrich the regular classroom and enable student success.

(f) In this section, "full-time equivalent student" means 30 hours of contact a week between a special education student and special education program personnel.

(g) The State Board of Education shall adopt rules and procedures governing contracts for residential placement of special

1 education students. The legislature shall provide by appropriation
2 for the state's share of the costs of those placements.

3 (h) Funds allocated under this section, other than an
4 indirect cost allotment established under State Board of Education
5 rule, must be used in the special education program under
6 Subchapter N, Chapter 21, of this code.

7 (i) In the determination of instructional arrangements for
8 students in residential instructional arrangements, the State Board
9 of Education shall develop arrangements that encourage placement of
10 students in the least restrictive environment appropriate for their
11 educational needs.

12 (j) The Central Education Agency shall encourage the
13 placement of students in special education programs in the least
14 restrictive environment appropriate for their educational needs.
15 ~~[The--Central--Education--Agency--shall--provide--transitional--support~~
16 ~~for--the--movement--of--students--from--self-contained--severe--(totally~~
17 ~~self-contained)--to--self-contained--mild--and--moderate--(partially~~
18 ~~self-contained)--instructional--arrangements.---For--each---student~~
19 ~~placed--in-a-partially-self-contained-classroom-who-was-placed-in-a~~
20 ~~totally-self-contained-classroom-for-at--least--two-thirds--of--the~~
21 ~~prior--year,--a-district-will-receive-\$2,500.---This-payment-must-be~~
22 ~~used-to-facilitate--the--placement--of--the--student--in--the--less~~
23 ~~restrictive--environment--(partially--self-contained-classroom).---A~~
24 ~~district-may-not-receive-more-than--one--support--payment--for--any~~
25 ~~individual-student.---This-support-payment-shall-be-forfeited-by-the~~

1 ~~district--if--the--student--is--returned--to--the--totally--self--contained~~
 2 ~~classroom--instructional--arrangement--within--one--month--of--placement~~
 3 ~~into--the--partially--self--contained--classroom--or--within--one--year--of~~
 4 ~~initial--reclassification--without--adequate--justification.]~~

5 (k) A school district that maintains for two successive
 6 years a ratio of full-time equivalent students placed in partially
 7 or totally self-contained classrooms to the number of full-time
 8 equivalent students placed in resource room or mainstream
 9 instructional arrangements [~~partially--self--contained--classrooms~~]
 10 that is 25 percent higher than the statewide average ratio shall be
 11 reviewed by the Central Education Agency to determine the
 12 appropriateness of student placement. The commissioner of
 13 education may reduce the special education allotment the district
 14 receives to the level to which the district would be entitled if
 15 the district's ratio was not more than 25 percent higher than the
 16 statewide average ratio. [~~To--the--extent--that--there--are--net--cost~~
 17 ~~savings--to--the--state--resulting--from--the--movement--of--students--from~~
 18 ~~totally--self--contained--to--partially--self--contained,--as--provided--in~~
 19 ~~Subsection--(j)--of--this--section,--those--net--savings--will--be--directed~~
 20 ~~to--regional--education--service--centers--to--provide--technical~~
 21 ~~assistance--in--accordance--with--Section--11-33(c)--of--this--code~~
 22 ~~regarding--the--movement--of--students--to--less--restrictive--environments~~
 23 ~~to--those--school--districts--whose--ratio--of--full--time--equivalent~~
 24 ~~students--placed--in--totally--self--contained--classrooms--is--25--percent~~
 25 ~~higher--than--the--statewide--average.]~~

(1) A school district that provides an extended year program required by federal law for special education students who may regress is entitled to receive funds in an amount equal to 75 percent, or a lesser percentage determined by the commissioner of education, of the adjusted basic allotment or adjusted allotment, as applicable, for each full-time equivalent student in average daily attendance, multiplied by the amount designated for the student's instructional arrangement under this section, for each day the program is provided divided by the number of days in the minimum school year. The total amount of state funding for extended year services under this section may not exceed \$10 million per year. A school district may use funds received under this section only in providing an extended year program [student-in-a-mainstream-instructional-arrangement-who-is-not-also--in--another instructional--arrangement--as--provided--in-Subsection-(a)-of-this section-is-provided-the-support-necessary-for-the-student-to-remain in--the--regular--classroom.---This--support--may--include--related services-as--defined--in--Section--21-502--of--this--code,--special teaching,--or-other-special-education-support-services-while-in-the regular-classroom].

(m) From the total amount of funds appropriated for special education under this section, the commissioner of education shall withhold an amount specified in the General Appropriations Act, which for the 1994-1995 biennium may not exceed \$2 million, and distribute that amount to school districts for programs under

1 Section 21.513. The program established under that section is
 2 required only in school districts in which the program is financed
 3 by funds distributed under this section and any other funds
 4 available for the program. After deducting the amount withheld
 5 under this subsection from the total amount appropriated for
 6 special education, the commissioner of education shall reduce each
 7 district's allotment proportionately and shall allocate funds to
 8 each district accordingly.

9 Sec. 16.152. COMPENSATORY EDUCATION ALLOTMENT. (a) For
 10 each student who is educationally disadvantaged or who is a
 11 nonhandicapped student residing in a residential placement facility
 12 in a district in which the student's parent or legal guardian does
 13 not reside, a district is entitled to an annual allotment equal to
 14 the adjusted basic allotment multiplied by 0.2, and by 2.41 for
 15 each full-time equivalent student who is in a remedial and support
 16 program under Section 21.557 of this code because the student is
 17 pregnant.

18 (b) For purposes of this section, the number of
 19 educationally disadvantaged students is determined by averaging the
 20 best six months' enrollment in the national school lunch program of
 21 free or reduced-price lunches for the preceding school year.

22 (c) Funds allocated under this section, other than an
 23 indirect cost allotment established under State Board of Education
 24 rule, which shall not exceed 15 percent, must be used in providing
 25 remedial and compensatory education programs under Section 21.557

1 of this code, and the district must account for the expenditure of
2 state funds by program and by campus. Funds allocated under this
3 section, other than the indirect cost allotment, shall only be
4 expended to improve and enhance programs and services funded under
5 the regular education program.

6 (d) The Central Education Agency shall evaluate the
7 effectiveness of remedial and support programs provided under
8 Section 21.557 of this code for students at risk of dropping out of
9 school.

10 (e) A school district in which the actual dropout rate in
11 any school year exceeds the state's dropout rate goal for that year
12 under Subsection (a) of Section 11.205 of this code shall, for the
13 school year immediately following that school year, allocate a
14 percentage of the district's allotment under this section to
15 remedial and support programs under Section 21.557 of this code for
16 students at risk of dropping out of school. The percentage
17 allocated to those programs must be at least equal to the state's
18 actual dropout rate for the preceding year. The programs must be
19 programs authorized by the State Board of Education. The Central
20 Education Agency shall provide to the district technical assistance
21 in reducing the district's dropout rate. At the request of a
22 district, the commissioner of education may exempt the district
23 from the requirements of this section if the commissioner finds
24 that special circumstances in the district merit the exemption.

25 (f) The commissioner of education may:

(1) retain a portion of the total amount allotted under Subsection (a) of this section that the commissioner considers appropriate to finance pilot programs under Section 11.191 of this code and to finance intensive remedial instruction programs and study guides provided under Sections 21.552(b) and (c) of this code; and

(2) reduce each district's tier one allotments in the same manner described for a reduction in allotments under Section 16.254 [allotment-proportionately].

(g) From the total amount of funds appropriated for allotments under this section, the commissioner of education shall, each fiscal year, withhold the amount of \$10,000,000 and distribute that amount for programs under Section 21.114 of this code. The program established under that section is required only in school districts in which the program is financed by funds distributed under this section and any other funds available for the program.

(h) The commissioner of education shall coordinate the funds withheld under Subsection (g) of this section and any other funds available for the program and shall distribute those funds. To receive funds for the program, a school district must apply to the commissioner. The commissioner shall give a preference to the districts that apply that have the highest concentration of students who are pregnant or who are parents.

(i) The commissioner of education shall withhold funds allocated under this section to a district that fails to timely

1 prepare or make available on request of a member of the general
2 public the report required under Section 21.557(i) of this code.
3 The commissioner may restore withheld funds only when the
4 commissioner is satisfied that the district has provided the
5 information requested.

6 (j) ~~[(i)]~~ After deducting the amount withheld under
7 Subsection (g) of this section from the total amount appropriated
8 for the allotment under Subsection (a) of this section, the
9 commissioner of education shall reduce each district's tier one
10 allotments in the same manner described for a reduction in
11 allotments under Section 16.254 ~~[allotment-under-Subsection-(a)]~~
12 ~~proportionately]~~ and shall allocate funds to each district
13 accordingly.

14 (k) ~~[(j)]~~ From the total amount of funds appropriated for
15 allotments under this section, the commissioner of education shall,
16 each fiscal year, withhold the amount of \$5,000,000 and distribute
17 that amount for programs under Subchapter V, Chapter 21, of this
18 code. A program established under that subchapter is required only
19 in school districts in which the program is financed by funds
20 distributed under this section or other funds distributed by the
21 commissioner for a program under that subchapter.

22 (l) ~~[(k)]~~ The commissioner of education shall coordinate the
23 funds withheld under Subsection (k) ~~[(j)]~~ of this section and any
24 other funds available for the program and shall distribute those
25 funds. To receive funds for the program, a school district must

1 apply to the commissioner. The commissioner shall give a
2 preference to the districts that apply that have the highest
3 concentration of at-risk students. For each school year that a
4 school district receives funds under this section, the district
5 shall allocate an amount of local funds for school guidance and
6 counseling programs that is equal to or greater than the amount of
7 local funds that the school district allocated for that purpose
8 during the preceding school year.

9 (m) ~~[(f)]~~ After deducting the amount withheld under
10 Subsection (k) ~~[(f)]~~ of this section from the total amount
11 appropriated for the allotment under Subsection (a) of this
12 section, the commissioner of education shall reduce each district's
13 tier one allotments in the same manner described for a reduction in
14 allotments under Section 16.254 [allotment-under-Subsection-(a)-on
15 a-per-pupil-basis].

16 (n) From the total amount of funds appropriated for
17 allotments under this section, the commissioner of education may
18 withhold an amount not exceeding \$1 million each fiscal year and
19 distribute the funds to school districts that incur unanticipated
20 expenditures resulting from a significant increase in the
21 enrollment of nonhandicapped students who reside in residential
22 placement facilities.

23 (o) After deducting the amount withheld under Subsection (n)
24 from the total amount appropriated for the allotment under
25 Subsection (a), the commissioner of education shall reduce each

1 district's allotment under Subsection (a) proportionately.

2 Sec. 16.153. BILINGUAL EDUCATION ALLOTMENT. (a) For each
3 student in average daily attendance in a bilingual education or
4 special language program under Subchapter L, Chapter 21, of this
5 code, a district is entitled to an annual allotment equal to the
6 adjusted basic allotment multiplied by 0.1.

7 (b) Funds allocated under this section, other than an
8 indirect cost allotment established under State Board of Education
9 rule, must be used in providing bilingual education or special
10 language programs under Subchapter L, Chapter 21, of this code.

11 (c) A district's bilingual education or special language
12 allocation may be used only for program and pupil evaluation,
13 instructional materials and equipment, staff development,
14 supplemental staff expenses, salary supplements for teachers, and
15 other supplies required for quality instruction and smaller class
16 size.

17 Sec. 16.155. VOCATIONAL EDUCATION ALLOTMENT. (a) For each
18 full-time equivalent student in average daily attendance in an
19 approved vocational education program in grades nine through 12 or
20 in vocational education for the handicapped programs in grades
21 seven through 12, a district is entitled to an annual allotment
22 equal to the adjusted basic allotment multiplied by a weight of
23 1.37.

24 (b) In this section, "full-time equivalent student" means 30
25 hours of contact a week between a student and vocational education

1 program personnel.

2 (c) Funds allocated under this section, other than an
3 indirect cost allotment established under State Board of Education
4 rule, must be used in providing vocational education programs in
5 grades nine through 12 or vocational education for the handicapped
6 programs in grades seven through 12 under the provisions of
7 Sections 21.111, 21.1111, and 21.112 of this code.

8 (d) The indirect cost allotment established under board
9 rules shall first be effective for the 1991-1992 school year
10 consistent with the weight effective that year.

11 (e) The commissioner shall conduct a cost-benefit comparison
12 between vocational education programs and mathematics and science
13 programs.

14 (f) [~~h~~] Out of the total statewide allotment for
15 vocational education under this section, the commissioner of
16 education shall set aside an amount specified in the General
17 Appropriations Act, which may not exceed an amount equal to one
18 percent of the total amount appropriated, to support regional
19 vocational education planning committees established under Section
20 21.115(b) of this code. After deducting the amount set aside under
21 this subsection from the total amount appropriated for vocational
22 education under this section, the commissioner shall reduce each
23 district's tier one allotments [~~allotment~~] in the same manner
24 described for a reduction in allotments [~~state-funds~~] under Section
25 16.254 [~~16-254(d)~~] of this code.

1 Sec. 16.156. TRANSPORTATION ALLOTMENT. (a) Each district
2 or county operating a transportation system is entitled to
3 allotments for transportation costs as provided by this section.

4 (b) As used in this section:

5 (1) "Regular eligible pupil" means a pupil who resides
6 two or more miles from his or her campus of regular attendance,
7 measured along the shortest route that may be traveled on public
8 roads, and who is not classified as an eligible handicapped pupil.

9 (2) "Eligible handicapped pupil" means a pupil who is
10 handicapped as defined in Section 21.503 of this code and who would
11 be unable to attend classes without special transportation
12 services.

13 (3) "Linear density" means the average number of
14 regular eligible pupils transported daily, divided by the approved
15 daily route miles traveled by the respective transportation system.

16 (c) Each district or county operating a regular
17 transportation system is entitled to an allotment based on the
18 daily cost per regular eligible pupil of operating and maintaining
19 the regular transportation system and the linear density of that
20 system. In determining the cost, the commissioner shall give
21 consideration to factors affecting the actual cost of providing
22 these transportation services in each district or county. The
23 average actual cost is to be computed by the commissioner of
24 education and included for consideration by the Foundation School
25 Fund Budget Committee and the legislature in the General

1 Appropriations Act. The allotment per mile of approved route may
2 not exceed the amount set by appropriation.

3 (d) A district or county may apply for and on approval of
4 the commissioner of education receive an additional amount of up to
5 10 percent of its regular transportation allotment to be used for
6 the transportation of children living within two miles of the
7 school they attend who would be subject to hazardous traffic
8 conditions if they walked to school. Each board of trustees shall
9 provide to the commissioner the definition of hazardous conditions
10 applicable to that district and shall identify the specific
11 hazardous areas for which the allocation is requested. A hazardous
12 condition exists where no walkway is provided and children must
13 walk along or cross a freeway or expressway, an underpass, an
14 overpass or a bridge, an uncontrolled major traffic artery, an
15 industrial or commercial area, or another comparable condition.

16 (e) The [state] commissioner of education may grant an
17 amount set by appropriation for private or commercial
18 transportation for eligible pupils from isolated areas. The need
19 for this type of transportation grant shall be determined on an
20 individual basis and the amount granted shall not exceed the actual
21 cost. The grants shall be made only in extreme hardship cases, and
22 no grants shall be made if the pupils live within two miles of an
23 approved school bus route.

24 (f) The cost of transporting vocational education students
25 from one campus to another inside a district or from a sending

1 district to another secondary public school for a vocational
2 program or an area vocational school or to an approved
3 post-secondary institution under a contract for instruction
4 approved by the Central Education Agency shall be reimbursed based
5 on the number of actual miles traveled times the district's
6 official extracurricular travel per mile rate as set by their local
7 board of trustees and approved by the Central Education Agency.

8 (g) A school district or county that provides special
9 transportation services for eligible handicapped pupils is entitled
10 to a state allocation paid on a previous year's cost-per-mile
11 basis. The maximum rate per mile allowable shall be set by
12 appropriation based on data gathered from the first year of each
13 preceding biennium. Districts may use a portion of their support
14 allocation to pay transportation costs, if necessary. The
15 commissioner of education may grant an amount set by appropriation
16 for private transportation to reimburse parents or their agents for
17 transporting eligible handicapped pupils. The mileage allowed
18 shall be computed along the shortest public road from the pupil's
19 home to school and back, morning and afternoon. The need for this
20 type transportation shall be determined on an individual basis and
21 shall be approved only in extreme hardship cases.

22 (h) The allocation for eligible regular students transported
23 by the regular transportation system shall be increased by five
24 percent for any district or county school board which has complied
25 with the provisions of Section 21.173 of this code in accordance

with rules adopted by the State Board of Education.

(i) Funds allotted under this section must be used in providing transportation services.

(j) In the case of a district belonging to a county transportation system, the district's transportation allotment for purposes of determining a district's foundation school program allocations shall be determined on the basis of the number of approved daily route miles in the district multiplied by the allotment per mile to which the county transportation system is entitled.

Sec. 16.158. TEACHER COMPENSATION [~~CAREER-LADDER~~] ALLOTMENT.

(a) Each district is entitled to an allotment for teacher compensation [~~support-of-the-career-ladder~~] equal to its unadjusted average daily attendance multiplied by \$90.

(b) Except as provided by Subsection (d), an [An] allotment under this section may be used only for the purposes of paying the salaries of teachers who were entitled to career ladder supplements.

(c) [~~From--the--funds--designated--for--that--purpose,--the district--shall--supplement--the--salary--of--each--teacher--above--level one--on--the--career--ladder.--The--district--shall--decide--the--amount--of supplement--to--be--provided--at--each--career--ladder--level.~~

[~~d~~] Money received under this section may not be used to supplement the salary of an employee for directing cocurricular or extracurricular activities.

(d) If an allotment under this section exceeds the amount necessary to pay the salaries of teachers who were entitled to career ladder supplements as provided by Section 16.058, a district shall use the excess to supplement salaries of other teachers.

Sec. 16.159. GIFTED AND TALENTED STUDENT ALLOTMENT.

(a) For each student a school district serves in a Central Education Agency approved program for gifted and talented students under Subchapter Q, Chapter 21, of this code or, in the case of a district that is developing a program in accordance with standards established by the commissioner of education, for each student the district identifies as gifted and talented under State Board of Education criteria, a district is entitled to an annual allotment equal to the district's adjusted basic allotment as determined under Section 16.102 or Section 16.103 of this code, as applicable, multiplied by .12 for each school year or a greater amount provided by appropriation.

(b) Funds allocated under this section, other than the amount that represents the program's share of general administrative costs, must be used in providing approved programs for gifted and talented students under Subchapter Q, Chapter 21, of this code or, in the case of a district that has not yet established a program, in developing programs for gifted and talented students. Each district must account for the expenditure of state funds as provided by rule of the State Board of Education. If by the end of the 12th month after receiving an allotment for

1 developing a program a district has failed to implement an approved
2 program, the district must refund the amount of the allotment to
3 the agency within 30 days.

4 (c) Not more than five percent of a district's students in
5 average daily attendance are eligible for funding under this
6 section.

7 (d) If the amount of state funds for which school districts
8 are eligible under this section exceeds the amount of state funds
9 appropriated in any year for the programs, the commissioner of
10 education shall reduce each district's tier one allotments in the
11 same manner described for a reduction in allotments under Section
12 16.254 [allotment-on-a-pro-rata-basis].

13 (e) If the total amount of funds allotted under this section
14 before a date set by rule of the State Board of Education is less
15 than the total amount appropriated for a school year, the
16 commissioner shall distribute the remainder proportionately to the
17 districts that have received an allotment, and no other districts
18 are eligible for an allotment for that school year.

19 (f) After each district has received allotted funds for this
20 program, the State Board of Education may use up to \$500,000 of the
21 funds allocated under this section for programs such as Future
22 Problem Solving Olympics of the Mind, and Academic Decathlon, as
23 long as these funds are used to train personnel and provide program
24 services. To be eligible for funding under this section, a program
25 must be determined by the State Board of Education to provide

1 services that are effective and consistent with the state plan for
2 gifted and talented education.

3 Sec. 16.160. TECHNOLOGY FUNDS. (a) Developmental and
4 technology allotment allocations under the provisions of Chapter 14
5 are included in the Foundation School Program.

6 (b) Each district shall be allotted the amount specified in
7 Section 14.063 of this code after deductions by the commissioner of
8 education for the purposes of financing programs authorized under
9 Subchapter C, Chapter 14, of this code.

10 SUBCHAPTER F. ACCOUNTABLE COSTS OF EDUCATION

11 Sec. 16.201. PURPOSE. The accountable costs of education
12 studies are designed to support the development of the equalized
13 funding elements necessary to provide an efficient state and local
14 public school finance system which meets the state policy
15 established in Section 16.001 of this code and provides the
16 research basis for the equalized funding elements under the
17 provisions of Section 16.256 of this code.

18 [~~Sec. 16.202. STUDIES. On a biennial basis, the Legislative~~
19 ~~Education Board and the Legislative Budget Board, with the~~
20 ~~assistance of the Educational Economic Policy Center and the~~
21 ~~Central Education Agency, shall complete each of the following~~
22 ~~studies and develop recommended amounts where appropriate for each~~
23 ~~year of the next biennium:~~

24 [~~(1) a study of the fiscal neutrality of the system to~~
25 ~~determine the status of the state and local finance system with~~

1 regard-to-the-policies-established-under-the-provisions-of--Section
2 +6.001--of--this--code,--including--recommendations-for-adjustments
3 necessary-to-maintain-fiscal-neutrality;

4 [+2)--the--accountable--costs--per--student--to--school
5 districts-of-providing-educational-programs,--personnel,--and--other
6 operating-costs-that-meet-accreditation-criteria-and-the-provisions
7 of-law-and-regulation;

8 [+3)--program-cost-differentials-designed-by-program-to
9 provide--support--for--the--added--expense--of-high-cost-courses-or
10 programs-for-students-participating-in-such--courses--or--programs,
11 with--the--program-funding-level--expressed-as-dollar-amounts-and-as
12 weights-applied-to-the-adjusted-basic-allotment-for-the-appropriate
13 year;

14 [+4)--transportation-and-career-ladder-allotments;

15 [+5)--the-levels-of-tax-effort-necessary-for-each--tier
16 of---the---Foundation--School--Program--necessary--to--fulfill--the
17 requirements-of-Sections-16.001-and-16.008-of-this-code; and ,

18 [+6)--capital-outlay-and-debt-service-requirements--and
19 formula--elements--for--the--requirements--of--Subchapter-I-of-this
20 chapter-or-other-provisions-of-this-chapter.

21 [Sec.-16.203.--PROCEDURES:-----+a)--The-----program-----cost
22 differentials-developed-jointly-by-the-Legislative-Education--Board
23 and--the--Legislative--Budget--Board--shall--be--submitted--to--the
24 foundation-school-fund-budget-committee-for-adoption-beginning-with
25 the--1993-1994--school--year.--If-the-foundation-school-fund-budget

committee-fails-to-adopt-by-April-1-the-program-cost--differentials
for-the-following-school-year,-the-commissioner-of-education,-after
considering--the--recommendations--developed-by-those-boards,-shall
adopt-program-cost-differentials-

[(b) --The-commissioner-of-education-shall-provide-appropriate
assistance-to-the-boards-for-the-calculation-of-the-various-funding
elements.--Subject-to-review-by-the--Legislative--Education--Board,
the--commissioner--of--education--shall--retain-from-the-allotments
under-Sections-16.102-and-16.103-of-this-code-and-Subchapter--D--of
this--chapter--amounts--appropriate-to-finance-necessary-additional
costs-for-the-studies-required-under-this-subchapter-

[(c) --The-boards-may-appoint-advisory-committees-to-assist-in
the--development--of--the--various--funding--elements--and--studies
required-under-this-subchapter.--Advisory-committee--members--serve
without--compensation--but-are-entitled-to-reimbursement-for-actual
and-necessary-expenses-incurred-in-the-performance-of-their-duties.
Reimbursement-shall-be-from-funds-available-under-Subsection-(b)-of
this-section-or-from-other-funds-available-to-the-boards-

[(d) --In-the-studies-relating-to-program--cost--differentials
the--boards--shall--give--special--consideration--to--cost--factors
associated---with---class--size,-laboratory--expenses,-materials,
equipment,-teacher-training,-necessary-salary-supplementation,-and
special--services--related--to--individual--courses--or--groups--of
courses-

[Sec.-16.204.--NAVAL---MILITARY--FACILITY--IMPACT.---(a)--The

model-on-which-a-cost-of-education-index-is-based-must-specifically consider-the-impact-of-a-significant-new-naval-military-facility-on each-district-in-an-impacted-region-

[(b)--If-the-construction-or-operation-of-a-significant-new naval---military---facility---begins--during--a--school--year,--the Legislative-Education-Board-and-the-Legislative-Budget-Board--shall recommend--the-adjustment-of-the-basic-allotment-during-that-school year-to-consider--any--impact--of--the--facility--on--the--cost--of education-index-of-the-districts-in-the-impacted-region-

[(c)--In---this--section,--"significant--new--naval--military facility"--and--"impacted--region"--have--the--meanings--assigned--by Section--47--Article-17--National-Defense-Impacted-Region-Assistance Act-of-1985-(Article-689a-4d,--Vernon's-Texas-Civil-Statutes)-

[(d)--This-section-expires-September-17--1993-]

Sec. 16.205. LIMIT ON ADMINISTRATIVE COSTS. (a) The commissioner of education by rule shall determine annually:

(1) an administrative cost ratio for school districts with fewer than 500 students in average daily attendance;

(2) an administrative cost ratio for school districts with 500 to 999 students in average daily attendance;

(3) an administrative cost ratio for school districts with 1,000 to 4,999 students in average daily attendance;

(4) an administrative cost ratio for school districts with 5,000 to 9,999 students in average daily attendance; and

(5) an administrative cost ratio for school districts

1 with more than 10,000 students in average daily attendance.

2 (b) The commissioner of education may adjust the
3 administrative cost ratio of a district to allow for additional
4 administrative costs required by:

5 (1) the sparsity of the district; or

6 (2) students with special needs.

7 (c) Not later than February 1 of each year, the commissioner
8 of education shall notify all districts of the requirements and
9 standards for determining administrative cost ratios for the
10 following year. Not later than May 1 of each year, Central
11 Education Agency staff shall conduct a desk audit of prior-year
12 expenditure data available through the Public Education Information
13 Management System (PEIMS) to identify those districts whose
14 administrative cost ratio in the prior year exceeded their adjusted
15 group standard. Districts with an administrative cost ratio in
16 excess of their adjusted group standard shall be notified not later
17 than May 15 that they have excessive administrative costs and that
18 they are required to reduce these costs to the level of the
19 adjusted group standard for the following school year. Not later
20 than the 60th day after receiving notification, a district shall
21 respond to the commissioner of education by submitting a
22 description of the district's plan to comply with the standard for
23 the following year or request a waiver from the commissioner of
24 education explaining why the district cannot comply with the
25 standard. Not later than August 15, the commissioner of education

1 shall notify responding districts if further action is needed.

2 (d) If a school district fails to reduce administrative
3 costs to the level required by this section, the commissioner of
4 education shall deduct from a school district's tier one allotments
5 an amount equal to the amount by which the district's
6 administrative costs exceed the amount permitted by its
7 administrative cost ratio, unless the commissioner has granted a
8 waiver in response to the district's request. The commissioner
9 shall make a deduction under this subsection from the foundation
10 school fund payments to the district in the school year following
11 the school year in which the plan to reduce costs was to be
12 implemented. If a school district does not receive a tier one
13 allotment, the district shall remit an amount equal to the excess
14 to the comptroller for deposit to the credit of the foundation
15 school fund.

16 (e) The commissioner of education may grant a waiver to a
17 school district that exceeds its administrative cost ratio if the
18 excess is justified by unusual circumstances.

19 (f) A school district shall include a statement of any
20 amount withheld or remitted under Subsection (d) in the district
21 report card required by Section 35.042.

22 (g) In this section:

23 (1) "Administrative cost ratio" means a school
24 district's administrative costs divided by its instructional costs,
25 expressed as a percentage.

(2) "Administrative costs" are defined as operating expenses made from funds other than federal funds associated with managing, planning, directing, coordinating, and evaluating a school district in accordance with Accounting functions 21 - Instructional Administration, and 41 - General Administration as described in the Financial Accounting Manual Bulletin 679 for Budgeting, Accounting, and Auditing in Texas Public Schools, Ninth Edition, published by the Central Education Agency.

(3) "Instructional costs" are defined as operating expenses made from funds other than federal funds associated with teacher-student instruction in accordance with Accounting functions 11 - Instruction, 22 - Instructional Resources and Media Services, 25 - Curriculum and Instructional Staff Development, and 31 - Guidance and Counseling Services as described in the Financial Accounting Manual Bulletin 679 for Budgeting, Accounting, and Auditing in Texas Public Schools, Ninth Edition, published by the Central Education Agency.

(4) "Adjusted group standard" is the acceptable administrative cost ratio for each district as determined in accordance with Subsections (a) and (b). [EFFICIENCY--IN ADMINISTRATION-REPORT--(a)--The-commissioner--of--education--shall conduct--a--study--to--determine-the-most-appropriate-and-efficient method-for-reporting-and-monitoring-the-allocation-of-resources--by school-districts-

[(b) --The--study--shall--identify--the--most--effective--means--for

calculating, monitoring, and reporting the proportion of resources that school districts allocate for their administrative costs and shall include administrator-teacher ratios.

(c) The study shall include a description of average efficient administrative expenditures by districts with consideration of district size and demographics.

(d) Prior to the beginning of each regular session of the legislature, the agency shall provide a report with recommendations to the Legislative Education Board and the legislature.

(e) The study is an element of the study of accountable costs of education under this subchapter.

[Sec. 16.206. COST ADJUSTMENTS. (a) The lieutenant governor shall appoint five members of the senate and the speaker of the house of representatives shall appoint five members of the house to a committee to conduct a study of certain costs of providing public education as provided by this section. The lieutenant governor and the speaker shall make the appointments not later than September 17, 1991.

(b) The committee shall examine methods of adjusting for specific resource cost variations caused by factors beyond the control of school districts. The committee shall recommend adjustments for these factors that will provide the most efficient service delivery considering optimum district size, enrollment growth, and other cost factors. For the purpose of the study, the committee shall divide districts and campuses into a variety of

categories---that---may---include---region,---size,---area,---density,
educational-characteristics,---and-economic-conditions.

[(c) --The-committee-may-appoint-one-or-more--advisory--panels
to--assist--the--committee-in-conducting-the-study.--Advisory-panel
members--serve---without---compensation---but---are---entitled---to
reimbursement--for--actual--and--necessary-expenses-incurred-in-the
performance-of-their-duties.

[(d) --The--committee--shall--recommend--adjustments--to---the
Foundation--School--Program--for-resource-cost-variations-caused-by
factors-beyond-the-control-of-school-districts--to--the--foundation
school--fund--budget--committee--not--later-than-June-1,---1992.--The
adjustments-shall-include:

[(1) --an-adjustment--to--account--for--fast--enrollment
growth--and--other--factors--relevant--to--a--district's--need--for
facilities;---and

[(2) --appropriate---treatment--of--the--calculation--of
weighted-students-under-Section-16-302-of-this-code.

[(e) --The-foundation-school-fund--budget--committee--by--rule
shall--adopt--adjustments--to--the--Foundation--School--Program-for
resource-cost-variations-beyond-the-control-of-school-districts--to
apply--beginning--with--the--1993-1994-school-year.--The-foundation
school-fund-budget-committee-shall-report-the--adjustments--adopted
to--the--legislature--and--the--commissioner--of-education.--If-the
foundation--school--fund--budget--committee--fails--to--adopt---the
adjustments--by--November-1,---1992,---the-commissioner-of-education-by

rule shall adopt adjustments not later than December 17, 1992.

[~~(f)~~--The rules adopted under this section apply beginning with the 1993-1994 school year. If no rules are adopted under this section, the basic allotment calculated under Sections 16.008 and 16.256(e) of this code shall be increased to reflect the costs associated with the adjustments made by the cost of education index and formula for the 1992-1993 school year.]

SUBCHAPTER G. FINANCING THE PROGRAM

Sec. 16.251. FINANCING; GENERAL RULE. (a) The sum of the basic allotment under Subchapter C and [7] the special allotments under Subchapter D, computed in accordance with this chapter, constitute the tier one allotments. The sum of the tier one allotments and the guaranteed yield allotments under Subchapter H, computed in accordance with [~~the provisions of~~] this chapter, constitute the total cost of the Foundation School Program.

(b) The program shall be financed by:

(1) ad valorem tax revenue generated by an equalized uniform school [~~county education~~] district effort;

(2) ad valorem tax revenue generated by local school district effort in excess of the equalized uniform school [~~county education~~] district effort;

(3) state available school funds distributed in accordance with law; and

(4) state funds appropriated for the purposes of public school education and allocated to each district in an amount

sufficient to finance the cost of each district's Foundation School Program not covered by other funds specified in this subsection.

(c) The commissioner of education shall compute for each school district the total amount, if any, by which the district's total revenue is reduced from one school year to the next because of a change in the method of finance under this chapter. The commissioner shall certify the amount of the reduction to the school district for use in determining the school district's rollback rate under Section 26.08, Tax Code.

Sec. 16.252. LOCAL SHARE OF PROGRAM COST (TIER ONE).

(a) Each school [~~county--education~~] district's share of the Foundation School Program shall be an amount determined by the following formula:

$$LFA = TR \times DPV$$

where:

"LFA" is the school [~~county--education~~] district's local share;

"TR" is a tax rate which for each hundred dollars of valuation is an effective tax rate of \$0.86 [~~\$0.72--for--the 1991-1992--school--year, \$0.82--for--the--1992-1993-school-year, \$0.92 for--the--1993-1994-school-year,--and--\$1.00--for--each--school--year thereafter~~]; and

"DPV" is the taxable value of property in the school [~~county education~~] district for the prior tax year determined under Section 11.86 of this code.

(b) The commissioner of education shall adjust the values reported in the official report of the comptroller as required by Section 5.09(a), [Property] Tax Code, to reflect reductions in taxable value of property resulting from natural or economic disaster after January 1 in the year in which the valuations are determined. The decision of the commissioner of education shall be final. An adjustment does not affect the local fund assignment of any other school [county-education] district.

(c) Appeals of district values shall be held pursuant to Subsection (e) of Section 11.86 of this code.

(d) A school [county-education] district must [shall] raise its total local share of the foundation school program to be eligible to receive foundation school fund payments. [~~The funds shall--be--reallocated--to--the--school--districts--in--the--county education-district-in-the-manner-prescribed-by-Subchapter-3-of-this chapter.~~]

(e) The commissioner of education shall hear appeals from school [county-education] districts which have experienced a rapid decline in tax base used in calculating the local fund assignment, exceeding eight percent of prior year, that is beyond the control of the board of trustees of the [county-education] district. The commissioner of education may adjust the [county--education] district's taxable values for local fund assignment purposes for such losses in value exceeding eight percent and thereby adjust the local fund assignment to reflect the local current year taxable

value. The decision of the commissioner of education shall be final. An adjustment does not affect the local fund assignment of any other school [~~county--education~~] district. This subsection shall apply to determinations by the commissioner in identifying districts with wealth per student exceeding the equalized wealth level pursuant to Section 36.004.

Sec. 16.254. DISTRIBUTION OF FOUNDATION SCHOOL FUND.

(a) For each school year the commissioner of education shall determine:

(1) the amount of money to which a school district is entitled under Subchapters C and D;

(2) the amount of money to which a school district is entitled under Subchapter H;

(3) the amount of money allocated to the district from the available school fund;

(4) the amount of each district's tier one local share under Section 16.252; and

(5) the amount of each district's tier two local share under Section 16.303.

(b) The commissioner shall base the determinations under Subsection (a) on the estimates provided to the legislature under Section 16.2541 for each school district for each school year or different estimates provided by the General Appropriations Act.

(c) Each school district is entitled to an amount equal to the difference for that district between the sum of Subsections

1 (a)(1) and (a)(2) and the sum of Subsections (a)(3), (a)(4), and
2 (a)(5).

3 (d) The commissioner shall approve warrants to each school
4 district equaling the amount of its entitlement except as provided
5 by this section. Warrants for all money expended according to this
6 chapter shall be approved and transmitted to treasurers or
7 depositories of school districts in the same manner that warrants
8 for state payments are transmitted. The total amount of the
9 warrants issued under this section may not exceed the total amount
10 appropriated for foundation school program purposes for that fiscal
11 year.

12 (e) The commissioner shall recompute the amount to which the
13 district is entitled under Subsection (c) if a school district's
14 tax rate is less than the limit authorized under this subsection.
15 The amount to which a district is entitled under this section may
16 not exceed the amount to which the district would be entitled at
17 the district's tax rate for the final year of the preceding
18 biennium, or a different tax rate provided by appropriation. The
19 commissioner shall recompute the amount to which a district is
20 entitled to the extent necessary under this section. The
21 commissioner shall approve warrants to the school in the amount
22 that results from the new computation. An amount equal to the
23 difference between the initial allocation and the amount of the
24 warrants shall be transferred to a special account in the
25 foundation school fund known as the reserve account.

1 (f) Amounts transferred to the reserve account under
2 Subsection (e) shall be used in the succeeding fiscal year to
3 finance increases in allocations to school districts under
4 Subsection (i). If the amount in the reserve account is less than
5 the amount of the increases under Subsection (i) for the second
6 year of a state fiscal biennium, the commissioner shall certify the
7 amount of the difference to the foundation school fund budget
8 committee not later than January 1 of the second year of the state
9 fiscal biennium. The committee shall propose to the legislature
10 that the certified amount be transferred to the foundation school
11 fund from the economic stabilization fund and appropriated for the
12 purpose of increases in allocations under Subsection (h).

13 (g) If a school district demonstrates to the satisfaction of
14 the commissioner that the estimate of the district's tax rate,
15 student enrollment, or taxable value of property used in
16 determining the amount of state funds to which the district is
17 entitled are so inaccurate as to result in undue financial hardship
18 to the district, the commissioner may adjust funding to that
19 district in that school year to the extent that funds are available
20 for that year, including funds in the reserve account. Funds in
21 the reserve account may not be used under this subsection until any
22 reserve funds have been used for purposes of Subsection (f).

23 (h) If the legislature fails during the regular session to
24 enact the transfer and appropriation proposed under Subsection (f)
25 and there are not funds available under Subsection (j), the

1 commissioner shall reduce the total amount of state funds allocated
2 to each district by an amount determined by a method under which
3 the application of the same number of cents of increase in tax rate
4 in all districts applied to the taxable value of property of each
5 district, as determined under Section 11.86, results in a total
6 levy equal to the total reduction. The following fiscal year, a
7 district's entitlement under this section is increased by an amount
8 equal to the reduction made under this subsection.

9 (i) Not later than March 1 each year, the commissioner shall
10 determine the actual amount of state funds to which each school
11 district is entitled under the allocation formulas in this chapter
12 for the current school year and shall compare that amount with the
13 amount of the warrants issued to each district for that year. If
14 the amount of the warrants differs from the amount to which a
15 district is entitled because of variations in the district's tax
16 rate, student enrollment, or taxable value of property, the
17 commissioner shall adjust the district's entitlement for the next
18 fiscal year accordingly.

19 (j) The legislature may appropriate funds necessary for
20 increases under Subsection (i) from funds that the comptroller, at
21 any time during the fiscal year, finds are available.

22 (k) The commissioner shall compute for each school district
23 the total amount by which the district's allocation of state funds
24 is increased or reduced under Subsection (i) and shall certify that
25 amount to the district.

(1) In this section, the number of weighted students in average daily attendance is calculated in the manner provided by Section 16.302. [~~The commissioner of education shall determine annually:~~

~~[(1) the amount of money necessary to operate a Foundation-School-Program in each school-district;~~

~~[(2) the amount of local funds due the school-district from the local fund assignment of the county education-district;~~
and

~~[(3) the amount of state available school funds distributed to each school-district;~~

~~[(b) The commissioner of education shall then grant to each school-district from the Foundation-School-Program appropriation the amount of funds necessary to provide the difference between Subdivision (1) and the sum of Subdivisions (2) and (3) of Subsection (a) of this section;~~

~~[(c) The commissioner shall approve warrants to each school district equaling the amount of its grant. Warrants for all money expended according to the provisions of this chapter shall be approved and transmitted to treasurers or depositories of school districts in the same manner as warrants for state apportionment are transmitted;~~

~~[(d) Notwithstanding any other provision of this chapter, if for any year the total state's share of the Foundation-School Program, as determined under this chapter, exceeds the total amount~~

appropriated for that year, the commissioner shall reduce the total amount of state funds allocated to each district by an amount determined by a method under which the application of the same number of cents of increase in tax rate applied to the taxable value of property of each district, as determined under Section 11.86 of this code, results in a levy for each district equal to the amount deducted from that district's allocation.

[The commissioner of education shall compute for each school district the total amount by which the district's allocation of state funds is reduced under Subsection (d) of this section and shall certify that amount to the district.]

Sec. 16.2541. ESTIMATES REQUIRED. (a) Not later than October 1 of each even-numbered year:

(1) the Central Education Agency shall submit to the foundation school fund budget committee and the legislature an estimate of the tax rate and student enrollment of each school district for the following biennium; and

(2) the comptroller shall submit to the foundation school fund budget committee and the legislature an estimate of the total taxable value of all property in the state as determined under Section 11.86 for the following biennium.

(b) The Central Education Agency and the comptroller shall update the information provided to the legislature under Subsection (a) not later than March 1 of each odd-numbered year.

Sec. 16.255. FALSIFICATION OF RECORDS; REPORT. (a) When,

1 in the opinion of the director of school audits of the Central
2 Education Agency, audits or reviews of accounting, enrollment, or
3 other records of a school district reveal deliberate falsification
4 of the records, or violation of the provisions of this chapter,
5 whereby the district's share of state funds allocated under the
6 authority of this chapter would be, or has been, illegally
7 increased, the director shall promptly and fully report the fact to
8 the State Board of Education and the state auditor.

9 (b) In the event of overallocation of state funds, as
10 determined by the State Board of Education or the state auditor by
11 reference to the director's report, the Central Education Agency
12 shall, by withholding from subsequent allocations of state funds,
13 recover from the district an amount, or amounts, equal to the
14 overallocation.

15 Sec. 16.256. FOUNDATION SCHOOL FUND BUDGET COMMITTEE.

16 (a) The foundation school fund budget committee is composed of the
17 governor, the lieutenant governor, and the comptroller [~~of public~~
18 ~~accounts~~].

19 (b) On or before December [~~November~~] 1 before each regular
20 session of the legislature, the budget committee shall determine
21 and certify to the comptroller [~~of public accounts~~] an amount of
22 money to be placed in the foundation school fund for the succeeding
23 biennium for the purpose of financing the Foundation School Program
24 as described in this code.

25 (c) The budget committee may, during the biennium, change

1 the estimate of money necessary to finance the Foundation School
2 Program.

3 (d) The foundation school fund budget committee shall adopt
4 rules for the calculation for each year of a biennium of the
5 qualified funding elements necessary to achieve the state funding
6 policy under Section 16.001 of this code not later than the
7 1994-1995 school year and for each year thereafter. In the
8 calculation of these funding elements, the committee shall consider
9 the report of the Legislative Education Board prescribed under
10 Section 16.008 of this code.

11 (e) The funding elements shall include:

12 (1) a basic allotment for the purposes of Section
13 16.101 of this code that represents the cost per student of a
14 regular education program that meets the basic criteria for an
15 accredited program including all mandates of law and regulation;

16 (2) adjustments designed to reflect the variation in
17 known resource costs and costs of education beyond the control of
18 school districts;

19 (3) appropriate program cost differentials and other
20 funding elements for the programs authorized under Subchapter D of
21 this chapter, with the program funding level expressed as dollar
22 amounts and as weights applied to the adjusted basic allotment for
23 the appropriate year;

24 (4) the maximum guaranteed level of qualified state
25 and local funds per student for the purposes of Subchapter H of

1 this chapter;

2 (5) the enrichment and facilities tax rate under
3 Subchapter H of this chapter;

4 (6) the formula elements for the funding formulas for
5 capital outlay and debt service under the provision of Subchapter I
6 of this chapter; and

7 (7) the calculation of weighted students in average
8 daily attendance under Section 16.302 of this code.

9 (f) Not [~~Beginning--in--1992--not~~] later than December
10 [~~November~~] 1 preceding each regular session of the legislature, the
11 foundation school fund budget committee by rule shall adopt and
12 report the equalized funding elements calculated under this section
13 to the commissioner of education and the legislature. Before the
14 committee adopts the elements, the committee or the committee's
15 designees shall hold a public hearing on the recommendations of the
16 Legislative Education Board.

17 [~~(g)--Notwithstanding other provisions of this section, the~~
18 ~~funding--elements--adopted--by--the--foundation--school--fund--budget~~
19 ~~committee--for--the--1993-1994--school--year--and--the--1994-1995--school~~
20 ~~year--shall--provide--for--appropriate--transition--from--the--program--in~~
21 ~~effect--for--the--1992-1993--school--year.~~]

22 Sec. 16.258. EFFECT OF APPRAISAL APPEAL. (a) If the final
23 determination of an appeal under Chapter 42, Tax Code, results in a
24 reduction in the taxable value of property that exceeds five
25 percent of the total taxable value of property in the school

1 district for the same tax year determined under Section 11.86 of
2 this code, the commissioner of education shall request the
3 comptroller to adjust its taxable property value findings for that
4 year consistent with the final determination of the appraisal
5 appeal.

6 (b) If the district would have received a greater amount
7 from the foundation school fund for the applicable school year
8 using the adjusted value, the commissioner shall add the difference
9 to subsequent distributions to the district from the foundation
10 school fund. An adjustment does not affect the local fund
11 assignment of any other district.

12 Sec. 16.260. FOUNDATION SCHOOL FUND TRANSFERS. (a) In this
13 section:

14 (1) "Category 1 school district" means a school
15 district having a wealth of less than one-half of the statewide
16 average wealth.

17 (2) "Category 2 school district" means a school
18 district having a wealth of at least one-half of the statewide
19 average wealth per pupil but not more than the statewide average
20 wealth.

21 (3) "Category 3 school district" means a school
22 district having a wealth of more than the statewide average wealth.

23 (4) "Wealth" means the taxable property values
24 reported by the comptroller to the commissioner of education under
25 Section 16.252 of this code divided by the number of students in

1 average daily attendance.

2 (b) Payments from the foundation school fund to each
3 category 1 school district shall be made as follows:

4 (1) 21 percent of the yearly entitlement of the
5 district shall be paid in two equal installments to be made on or
6 before the 25th day of September and October of a fiscal year;

7 (2) 57 percent of the yearly entitlement of the
8 district shall be paid in six equal installments to be made on or
9 before the 25th day of November, December, January, February,
10 March, and July; and

11 (3) 22 percent of the yearly entitlement of the
12 district shall be paid in two equal installments to be made on or
13 before the 25th day of April and May.

14 (c) Payments from the foundation school fund to each
15 category 2 school district shall be made as follows:

16 (1) 21 percent of the yearly entitlement of the
17 district shall be paid in two equal installments to be made on or
18 before the 25th day of September and October of a fiscal year;

19 (2) 38 percent of the yearly entitlement of the
20 district shall be paid in four equal installments to be made on or
21 before the 25th day of November, December, March, and July;

22 (3) seven percent of the yearly entitlement of the
23 [school] district shall be paid in two equal installments to be
24 made on or before the 25th day of January and February;

25 (4) 22 percent of the yearly entitlement of the

1 [school] district shall be paid in two equal installments to be
2 made on or before the 25th day of April and May; and

3 (5) 12 percent of the yearly entitlement of the
4 [school] district shall be paid in two equal installments to be
5 made on or before the 25th day of June and August.

6 (d) Payments from the foundation school fund to each
7 category 3 school district shall be made as follows:

8 (1) 21 percent of the yearly entitlement of the
9 district [school] shall be paid in two equal installments to be
10 made on or before the 25th day of September and October of a fiscal
11 year;

12 (2) 57 percent of the yearly entitlement of the
13 district [school] shall be paid in six equal installments to be
14 made on or before the 25th day of November, December, March, June,
15 July, and August; and

16 (3) 22 percent of the yearly entitlement of the
17 [school] district shall be paid in two equal installments to be
18 made on or before the 25th day of April and May.

19 (e) The amount of any installment required by this section
20 may be modified to provide a school district with the proper amount
21 to which the district may be entitled by law and to correct errors
22 in the allocation or distribution of funds. If an installment
23 under this section is required to be equal to other installments,
24 the amount of other installments may be adjusted to provide for
25 that equality. A payment under this section is not invalid because

it is not equal to other installments.

SUBCHAPTER H. GUARANTEED YIELD PROGRAM (TIER TWO)

Sec. 16.301. PURPOSE. The purpose of the guaranteed yield component of the Foundation School Program is to provide each school district with the opportunity to supplement the basic program at a level of its own choice and with access to additional funds for facilities. An allotment under this subchapter may be used for any legal purpose, including capital outlay and debt service.

Sec. 16.302. ALLOTMENT. [†a†] Each school district is guaranteed a specified amount per weighted student in state and local funds for each cent of tax effort over that required for the district's local fund assignment [~~of-the-county-education--district in--which--the--school-district-is-located~~] up to the maximum level specified in this subchapter. The amount of state support, subject only to the maximum amount under Section 16.303 of this code, is determined by the formula:

$$GYA = (GL \times WADA \times DTR \times 100) - LR$$

where:

"GYA" is the guaranteed yield amount of state funds to be allocated to the district;

"GL" is the dollar amount guaranteed level of state and local funds per weighted student per cent of tax effort, which is \$20.55 [~~\$21.50--for--the--1991-1992--school-year, \$22.50-for-the-1992-1993 school-year, \$26-for-the-1993-1994-school-year, and--\$28--for--each~~]

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1 ~~school--year--thereafter,~~ or a greater amount for any year provided
2 by appropriation, or a greater amount adopted by the foundation
3 school fund budget committee under Section 16.256(d) [~~of--this--code~~
4 ~~for--the--1993--1994--or--1994--1995--school--year--or--thereafter~~];

5 "WADA", except as provided by Section 16.206 of this code, is
6 the number of weighted students in average daily attendance, which
7 is calculated by dividing the sum of the school district's
8 allotments under Subchapters C and D of this chapter, less any
9 allotments to the district for transportation, teacher compensation
10 [~~career--ladder--supplements~~], or technology and 50 percent of the
11 adjustment under Section 16.102 of this code, by the basic
12 allotment for the applicable year;

13 "DTR" is the district enrichment and facilities tax rate of
14 the school district, which is determined by subtracting the
15 district's local fund assignment from [~~dividing~~] the total amount
16 of taxes collected by the school district for the applicable school
17 year and dividing the difference by the quotient of the district's
18 taxable value of property as determined under Section 11.86 of this
19 code divided by 100; and

20 "LR" is the local revenue, which is determined by multiplying
21 "DTR" by the quotient of the district's taxable value of property
22 as determined under Section 11.86 of this code divided by 100.

23 [~~{b}--Beginning--with--the--1993--1994--school--year,--if--the~~
24 ~~program--cost--differentials--developed--jointly--by--the--Legislative~~
25 ~~Education--Board--and--the--Legislative--Budget--Board--under--Section~~

~~16.203--of--this--code--and--the--adjustments--studied--under--Section
16.206--of--this--code--are--not--adopted--by--the--foundation--school--fund
budget--committee--or--the--commissioner--of--education, the amount
guaranteed--under--this--section--is--an--amount--per--student--rather--than
per---weighted--student--and--a--school--district's--average--daily
attendance--{"ADA"}--under--Section--16.006--of--this--code--is--substituted
for--"WADA"--in--the--formula--under--Subsection--(a)--of--this--section.]~~

Sec. 16.303. LIMITATION ON ENRICHMENT AND FACILITIES TAX RATE. The district enrichment and facilities tax rate ("DTR") under Section 16.302 of this code may not exceed \$0.64 per \$100 of valuation, [~~\$0.45~~] or a greater amount [~~for--1993--1994--and--1994--1995 school--years--or--thereafter--as~~] adopted by the foundation school fund budget committee under Section 16.256(d) of this code.

Sec. 16.304. COMPUTATION OF AID FOR DISTRICT ON MILITARY RESERVATION OR AT STATE SCHOOL. State assistance under this subchapter for a school district located on a federal military installation or at Moody State School is computed using the average tax rate and property value per student of school districts in the county, as determined by the commissioner of education.

SUBCHAPTER I. CAPITAL OUTLAY AND DEBT SERVICE

Sec. 16.401. INVENTORY OF SCHOOL FACILITIES. (a) The State Board of Education shall establish a statewide inventory of school facilities and shall update the inventory on a periodic basis.

(b) The inventory shall include information on the condition, use, type, and replacement cost of public school

facilities in this state.

Sec. 16.402. STANDARDS. The State Board of Education shall establish standards for adequacy of school facilities. The standards shall include requirements related to space, educational adequacy, and construction quality. All facilities constructed after September 1, 1992, must meet the standards in order to be financed with state or local tax funds.

Sec. 16.403. ADVISORY COMMITTEE. The State Board of Education shall appoint a committee composed of 15 persons knowledgeable of various aspects of school facility planning, construction, renovation, and financing. The advisory committee shall provide the board and the commissioner with assistance on the development of the inventory system, the creation of facility standards, and the conduct of facility research related to current and future roles of the state in the provision of financial and technical assistance to school districts. The members of the committee shall serve without compensation but may be reimbursed for actual and necessary expenses.

~~[SUBCHAPTER-J.--COUNTY-EDUCATION-DISTRICT-DISTRIBUTIONS~~

~~[Sec.-16.501.--TIER-ONE.--(a)--The-commissioner-of--education shall--notify-each-county-education-district-of-the-total-amount-of funds-that-each-school-district-in-the-county-education-district-is entitled-to--receive--under--tier--one--of--the--Foundation--School Program-~~

~~[(b)--For--tier--one,--the--board--of--trustees--of--each-county~~

1 education-district-shall-distribute-the-funds--collected--from--the
 2 tax-levied-by-the-county-education-district-under-Section-20.945-of
 3 this-code-to-the-school-districts-in-the-county-on-the-basis-of-the
 4 component--districts'-share-of-the-taxable-value-of-property-of-the
 5 county-education-district-with--the--provision--that--no--component
 6 district-shall-receive-funds-in-excess-of-the-cost-of-tier-one-less
 7 the-distribution-of-the-available-school-fund.

8 [(c) (1) --Notwithstanding--Subsection-(b)-of-this-section, for
 9 the-1991-1992, 1992-1993, and-1993-1994-school-years, for-tier--one
 10 the--board--of--trustees--of--each--county-education-district-shall
 11 distribute-the-funds-collected-from-the-tax-levied--by--the--county
 12 education--district-under-Section-20.945-of-this-code-to-the-school
 13 districts-in-the-county-education-district-as-follows:

14 [(A) --to-those--school--districts--that--did--not
 15 receive--foundation--school--funds-for-the-1990-1991-school-year-in
 16 which-the-amount-of-revenue-per-weighted-student-from--local--funds
 17 and-the-available-school-fund-for-the-1990-1991-school-year-exceeds
 18 the--total--amount--of--revenue--per--weighted-student-to-which-the
 19 district-is-entitled-under-the-Foundation-School-Program-at--a--tax
 20 rate--equal--to-the-maximum-tax-rate-authorized-under-Section-20.09
 21 of-this-code, the-county-education--district--shall--distribute--an
 22 amount--equal--to--the-difference-between-the-amount-of-revenue-per
 23 weighted-student-in-the-district-in-the-1990-1991-school-year--from
 24 local-funds-and-the-available-school-fund-and-the-levy-that-results
 25 from--the--application-of-the-maximum-rate-authorized-under-Section

20.09-of-this-code-to-the-district's-taxable-value-of-property,-and
 [(B) --the---county---education---district---shall
 apportion-the-remaining-funds-collected-from-the-tax-levy--to--each
 school--district--in--the-county-education-district-on-the-basis-of
 the-component-districts'-share-of-the-taxable-value-of-property--of
 the--county-education-district-with-the-provision-that-no-component
 district-shall-receive-funds-in-excess-of-the-cost-of-tier-one-less
 the-distribution-of-the-available-school-fund-

[(2) --This-subsection-expires-September-17-1994-

[(d) --If-the-total-amount-available-for-distribution--by--the
 county--education--district-exceeds-the-county-education-district's
 local-share-under-Section-16.252-of-this-code,-the-county-education
 district--shall--retain--the--excess--amount--for--distribution--in
 succeeding-years-

[(e) --If-the-total-amount-available-for-distribution--by--the
 county--education--district--is--less--than--the--county--education
 district's--local--share--under--Section--16.252--of-this-code,-the
 distributions-shall-be-made-under-rules-adopted-by-the-commissioner
 of-education-

[Sec.-16.502.--COLLECTION-AND--DISTRIBUTION--SCHEDULES.---The
 commissioner--of--education--shall--establish--a--schedule--for-the
 distribution--of--funds--to--each--school---district---under---this
 subchapter-

[Sec.-16.503.--DEFINITION.----In--this--subchapter,-"taxable
 value-of-property"-is-the-value-determined-under-Section--11.86--of

1 ~~this-code-]~~

2 SECTION 2.02. Subsections (b) and (e), Section 14.063,
3 Education Code, are amended to read as follows:

4 (b) Each school district is entitled to an annual allotment
5 for the purposes provided under Section 14.064 of this code equal
6 to its unadjusted average daily attendance multiplied by[:

7 [1] \$30 [for-the-1992-1993-school-year, or a greater
8 amount-provided-by-appropriation;

9 [2] \$35-for-the-1993-1994-school-year, or a greater
10 amount-provided-by-appropriation;

11 [3] \$40-for-the-1994-1995-school-year, or a greater
12 amount-provided-by-appropriation;

13 [4] \$45-for-the-1995-1996-school-year, or a greater
14 amount-provided-by-appropriation; and

15 [5] \$50-for-the-1996-1997-school-year-and-for-each
16 school-year--thereafter], or a greater amount provided by
17 appropriation.

18 (e) If an insufficient amount is available in the fund for
19 the state's share of the allotments under Subsection (b) of this
20 section, the agency shall reduce each district's allotment in the
21 same manner described for a reduction in allotments [by-application
22 of-the-formula-adopted] under Section 16.254 [16-254(d)] of this
23 code.

24 SECTION 2.03. Subsections (a) and (b), Section 20.09,
25 Education Code, are amended to read as follows:

(a) Except as provided by Subsections (c) and (d) and unless specifically approved in an election called for that purpose [of this-section], a school district may not impose a total tax rate on the \$100 valuation of taxable property that [results-in-a-levy that] exceeds \$1.50. [the-levy--that--results--from--applying--the following--rate--to--the--district's--taxable--value-of-property-as determined-under-Section-11.06-of-this-code:

[1]--\$0.78-for-the-1991-tax-year;

[2]--\$0.68-for-the-1992-tax-year;

[3]--\$0.58-for-the-1993-tax-year;-and

[4]--\$0.50-for-each-subsequent-tax-year.]

(b) A district may impose taxes under this chapter on the residence homestead of a person whose taxes for general elementary and secondary public school purposes are limited under Article VIII, Section 1-b(d), of the Texas Constitution, only to the extent that the imposition~~[7--when--added--to--the--taxes-imposed-on-the homestead-by-the-county-education-district,~~] does not increase the person's tax liability for those purposes in violation of the constitutional limit.

SECTION 2.04. Section 26.08, Tax Code, is amended to read as follows:

Sec. 26.08. ELECTION TO LIMIT SCHOOL TAXES. (a) If the governing body of a school district adopts a rate that exceeds the school district rollback tax rate [sum-of-the-district's-effective maintenance-rate,-the-rate-of-\$0.08,-and--the--district's--current

debt--rate], the qualified voters of the district at [by-petition
 may-require-that] an election [be] held for that purpose must [to]
 determine whether or not to limit the tax rate the governing body
 may adopt for the current [following] year to the school district
rollback tax rate. When increased expenditure of funds by a school
 district is necessary to respond to a disaster, such as a tornado,
 hurricane, flood, or other calamity (not including a drought) which
 has impacted a school district and the governor has requested
 federal disaster assistance for the area in which the school
 district is located, an election [a--petition] is not required
 [valid] under this section to repeal a tax increase adopted the
 next time the district adopts a tax rate after the date the
 disaster occurs.

(b) The [A-petition-is-valid-only-if-

[1]-it-states-that-it-is-intended-to-require-an
 election-in-the-school-district-on-the-question-of-limiting-the-tax
 rate-for-the-following-year;

[2]-it-is-signed-by-a-number-of-qualified-voters-of
 the-school-district-equal-to-at-least-10-percent-of-the-number-of
 qualified-voters-of-the-district-according-to-the-most-recent
 official-list-of-qualified-voters-not-counting-the-signatures-of
 voters-gathered-by-a-person-who-received-compensation-for
 circulating-the-petition;-and

[3]-it-is-submitted-to-the-governing-body-on-or
 before-the-90th-day-after-the-date-on-which-the-governing-body

adopted-the-tax-rate-for-the-current-year-

[~~(c)~~--Not-later-than-the-20th-day-after-the-day-a-petition-is submitted,--the--governing--body-shall-determine-whether-or-not-the petition-is-valid-and-pass-a-resolution-stating-its--finding.---If the--governing--body--fails--to--act--within--the-time-allowed,--the petition-is-treated-as-if-it-had-been-found-valid-

[~~(d)~~--If-the] governing body [~~finds--that--the--petition--is valid--(or--fails--to-act-within-the-time-allowed)~~,--it] shall order that the [~~an~~] election be held in the school district on a date not less than 30 or more than 90 days after the [~~last~~] day on which it adopted the tax rate [~~could-have-acted-to-approve-or-disapprove-the petition~~]. A state law requiring local elections to be held on a specified date does not apply to the election unless a specified date falls within the time permitted by this section. At the election, the ballots shall be prepared to permit voting for or against the proposition: "Reducing [~~limiting~~] the ad valorem tax rate in (name of school district) for the current year from (the rate adopted) to (the school district rollback tax rate) [~~(the following-year)~~]."

(c) [~~(e)~~] If a majority of the qualified voters voting on the question in the election favor the proposition, the [~~governing body-may-not-adopt-a~~] tax rate for the school district for [~~in~~] the current [~~following~~] year is [~~that--exceeds~~] the school district rollback tax rate calculated for that year; otherwise the tax rate for the current year is the one adopted by the governing body

[using the following formula:

$$\text{ROLLBACK-TAX-RATE} = \frac{\text{EFFECTIVE-MAINTENANCE-AND-OPERATIONS RATE-FOR-ELECTION-YEAR} - \$0.00 - (X - 1.00)}{\text{CURRENT-DEBT-RATE}}$$
 where -- "election-year" -- denotes -- amounts -- used -- in -- calculating -- the rollback-tax-rate-in-the--year--in--which--the--tax--increase--that initiated-the-referendum-occurred-rather-than-the-year-in-which-the calculation-occurs].

(d) For purposes of this section, except as provided by Subsection (e), the school district rollback tax rate of a school district is the sum of:

(1) the tax rate that, applied to the current total value for the district, would impose taxes in an amount that, when added to state funds to be distributed to the district under Chapters 15 and 16, Education Code, for the school year beginning in the current tax year, would provide the same amount of state funds and local maintenance and operations taxes per student in weighted average daily attendance for that school year that was available to the district in the preceding year;

(2) the rate of \$0.06; and

(3) the district's current debt rate.

(e) In the first year in which a school district that is the product of the consolidation of two or more whole school districts adopts a tax, the school district rollback tax rate for the consolidated district is the sum of:

(1) the tax rate that, applied to the current total

value for the district, would impose taxes in an amount that, when added to state funds to be distributed to the district under Chapters 15 and 16, Education Code, for the school year beginning in the current tax year, would provide the same amount of state funds and local maintenance and operations taxes per student in weighted average daily attendance for that school year that was available to the component district in the preceding year for which that amount was greater than for any other component district;

(2) the rate of \$0.06; and

(3) the consolidated district's current debt rate.

(f) For purposes of Subsections (d) and (e), the amount of state funds and local maintenance and operations taxes that was available to a school district in the preceding year is the amount of state funds distributed to the school district under Chapters 15 and 16, Education Code, for the preceding school year and the total amount of local maintenance and operations taxes imposed by the district in the preceding tax year.

(g) In this section, "weighted students in average daily attendance" has the meaning assigned by Section 16.302, Education Code.

(h) [†f†] For purposes of this section, local tax funds dedicated to a junior college district under Section 20.48(e), [Texas] Education Code, shall be eliminated from the calculation of the tax rate adopted by the governing body of the school district. However, the funds dedicated to the junior college district are

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subject to Section 26.085 of this code.

(i) In calculating the school district rollback tax rate for a school district for the 1993 tax year, county education district taxes received by the school district for the 1992-1993 school year are treated as state funds distributed to the district under Chapter 16, Education Code, for that school year. This subsection expires January 1, 1995.

~~[(g)--If a school district is certified by the commissioner of education under Section 16.251(c), Education Code, to have been subject to a reduction in total revenue for the school year ending on August 31 of the tax year:~~

~~[(1)--the district's effective maintenance and operations rate for the tax year is calculated as provided by Section 26.012, except that last year's levy is reduced by the amount of taxes imposed in the preceding year, if any, to offset the amount of any reduction certified by the commissioner of education under Section 16.251(c), Education Code, for the school year ending on August 31 of the preceding year; and~~

~~[(2)--the district's rollback tax rate for the tax year calculated as provided by Section 26.04 or by Subsection (e) of this section, as applicable, is increased by the tax rate that, if applied to the current total value for the school district, would impose taxes in an amount equal to the amount of the reduction certified by the commissioner of education under Section 16.251(c), Education Code, for the school year ending on August 31 of the tax~~

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1 year:

2 [(1)--If-a-school-district-is-certified-by--the--commissioner
3 of--education-under-Section-16.254(e),-Education-Code,-to-have-been
4 subject-to-a-reduction-in-state-funds-for-the-school-year-ending-on
5 August-31-of-the-tax-year:

6 [(1)--the---district's---effective---maintenance---and
7 operations--rate--for--the--tax--year--is-calculated-as-provided-by
8 Section-26.012,-except-that-last-year's--levy--is--reduced--by--the
9 amount--of--taxes--imposed-in-the-preceding-year,-if-any,-to-offset
10 the-amount-of--any--reduction--in--state--funds--certified--by--the
11 commissioner-of-education-under-Section-16.254,-Education-Code,-for
12 the-school-year-ending-on-August-31-of-the-preceding-year,-and

13 [(2)--the-district's-rollback-tax-rate-for-the-tax-year
14 calculated--as--provided--by--Section-26.04-or-by-Subsection-(e)-of
15 this-section,-as-applicable,-is-increased-by-the-tax-rate-that,-if
16 applied--to--the-current-total-value-for-the-school-district,-would
17 impose-taxes-in-an-amount-equal-to-the-amount-of-the--reduction--in
18 state--funds--certified--by--the--commissioner--of--education-under
19 Section-16.254,-Education-Code,-for--the--school--year--ending--on
20 August-31-of-the-tax-year:

21 [(j)--In--a--school-district-that-received-distributions-from
22 an-equalization-tax-imposed-under-Chapter-18,-Education--Code,-the
23 effective--rate--of--that--tax--as--of--the-date-of-the-county-unit
24 system's-abolition-is-added-to-the-district's-effective-maintenance
25 and-operations-rate-under-Subsections-(a)-and-(e)-of--this--section

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~~in-the-calculation-of-the-district's-rollback-tax-rate.]~~

SECTION 2.05. It is the intent of the 73rd Legislature that, in case of a conflict, the funding provisions for an optional extended year program as provided by Section 21.562, Education Code, as added by this Act, control over any other funding provisions for the program enacted by the 73rd Legislature during its regular session.

SECTION 2.06. (a) Notwithstanding the requirement in Section 16.254, Education Code, as amended by this Act, requiring determinations under that section to be based on estimates provided under Section 16.2541, Education Code, as added by this Act, or on different estimates provided by the General Appropriations Act, for the biennium ending August 31, 1995, determinations required under Section 16.254 shall be based on estimates provided by the Legislative Budget Board model run, number 401, as adjusted to reflect options exercised by school districts under Chapter 36, Education Code, as added by this Act.

(b) Changes in funding to school districts for special education under Sections 16.151(a) and (b), Education Code, and under Section 16.101, Education Code, to the extent of its reference to the mainstream instructional arrangement, as those sections are amended by this Act, apply beginning with the 1994-1995 school year. For the 1993-1994 school year, the weights provided by Sections 16.151(a) and (b), Education Code, as those sections existed before amendment by this Act, apply to funding to

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1 school districts for special education and those sections are
2 continued in effect for that purpose.

3 (c) Any other changes in the funding of public schools made
4 by this Act apply beginning with the 1993-1994 school year.

5 SECTION 2.07. To the extent that reenactment of Chapter 16,
6 Education Code, by this article conflicts with another enactment of
7 the 73rd Legislature, Regular Session, 1993, amending a provision
8 of that chapter, the other enactment prevails without regard to the
9 relative dates of enactment.

10 SECTION 2.08. This article takes effect immediately.

11 ARTICLE 3

12 SECTION 3.01. Subsection (c), Section 21.032, Education
13 Code, is amended to read as follows:

14 (c) Unless specifically exempted by Section 21.033 of this
15 code, a student enrolled in a public school district must attend an
16 extended year program provided by a school district for which the
17 student is eligible or tutorial classes required by the district
18 under Section 21.103(b) of this code. A district shall provide
19 transportation services to students required to attend an extended
20 year program provided by a school district in the same manner as
21 during the regular school year. A school district is not required
22 to provide transportation services to accommodate [such] students
23 required to attend tutorial classes under Section 21.103(b).

24 SECTION 3.02. Section 21.502, Education Code, is amended to
25 read as follows:

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1 Sec. 21.502. DEFINITIONS. As used in this subchapter,
2 "special services" means:

3 (1) "special teaching," which may be provided by
4 professional and paraprofessional personnel in the following
5 instructional settings:

- 6 (A) resource room;
7 (B) self-contained classroom, regular or special
8 campus;
9 (C) hospital or community class;
10 (D) homebound or bedside;
11 (E) speech or hearing therapy class; or
12 (F) mainstream; or

13 (2) "related services," which are developmental,
14 corrective, supportive, or evaluative services, not instructional
15 in nature, that may be required for the proper development and
16 implementation of a handicapped student's individualized
17 educational plan, including but not limited to special
18 transportation, school health services, counseling with students or
19 families, psychological services, audiological services, visual
20 training, medical or psychiatric diagnostic services, occupational
21 therapy, physical therapy, recreational therapy, social work
22 services, parent counseling and training, adaptive equipment,
23 special seating, orientation and mobility training, speech therapy,
24 music therapy, and corrective therapy.

25 SECTION 3.03. Subsection (b), Section 21.506, Education

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Code, is amended to read as follows:

(b) Except as provided by Subsection (c) of this section, contracts for residential placements when approved may be paid for from a combination of federal, state, and local funds. The local share of the total contract cost per pupil is that portion of the local tax effort (total dollars generated by debt service and maintenance taxes) which exceeds the district's local fund assignment under Section 16.252, divided by the average daily attendance in the district. If the contract involves a private facility, the state share of the total contract cost is that which remains after subtracting the local share. If the contract involves a public facility other than a program or facility administered by the Central Education Agency, the state share is that which remains after subtracting the local share from that portion of the contract which involves the costs of instructional and related services. If the contract involves a program or facility administered by the Central Education Agency, there is no state share paid from this program.

SECTION 3.04. Subchapter O, Chapter 21, Education Code, is amended by adding Sections 21.562 and 21.563 to read as follows:

Sec. 21.562. STATE-FUNDED OPTIONAL EXTENDED YEAR PROGRAM.

(a) A school district may apply to the commissioner of education for funding and approval of an extended year program for a period not to exceed 30 days for students in kindergarten through grade level eight who are identified as likely not to be promoted to the

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1 next grade level for the succeeding school year.

2 (b) The commissioner may adopt rules for the administration
3 of programs provided under this section.

4 (c) A school district may not enroll more than 12 students
5 in a class provided under this section.

6 (d) Each class provided under this section shall be taught
7 by a teacher who has completed successfully a program that provides
8 training to teach a class under this section and that satisfies
9 standards the commissioner establishes.

10 (e) A student who attends at least 85 percent of the program
11 days of a program under this section shall be promoted to the next
12 grade level at the beginning of the next school year unless a
13 parent of the student presents a written request to the school
14 principal that the student not be promoted to the next grade level.
15 As soon as practicable after receiving the request from a parent,
16 the principal shall hold a formal meeting with the student's
17 parent, extended year program teacher, and counselor. During the
18 meeting, the principal, teacher, or counselor shall explain the
19 longitudinal statistics on the academic performance of students who
20 are not promoted to the next grade level and provide information on
21 the effect of retention on a student's self-esteem and on the
22 likelihood of a student dropping out of school. After the meeting,
23 the parent may withdraw the request that the student not be
24 promoted to the next grade level. If the parent of a student
25 eligible for promotion under this subsection withdraws the request,

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1 the student shall be promoted. If a student is promoted under this
2 subsection, the school district shall continue to use innovative
3 practices to ensure that the student is successful in school in
4 succeeding years.

5 (f) A school district that provides a program under this
6 section shall adopt a policy designed to lead to immediate
7 reduction and ultimate elimination of student retention.

8 (g) A school district may apply for approval under this
9 section only for a pilot program for students in grade level one
10 for the 1993-1994 school year and only for a pilot program for
11 students in grade levels one and two for the 1994-1995 school year.
12 The state's share of a pilot program under this section may not
13 exceed the amount appropriated for program purposes. Funds
14 provided to a pilot program may be used for transportation of
15 eligible students. This subsection expires September 1, 1995.

16 Sec. 21.563. OPTIONAL EXTENDED YEAR PROGRAM. (a) A school
17 district may apply to the commissioner of education for approval to
18 provide an extended year program for a period not to exceed 45 days
19 for students in kindergarten through grade level eight who would
20 otherwise not be promoted.

21 (b) In order to provide the funding necessary for a program
22 approved under this section, with the approval of the commissioner,
23 a school district may provide a number of days of instruction for
24 students during the regular school term that is up to five days
25 less than the number otherwise required under Section 16.052(a). A

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1 school district providing a program under this section is not
2 entitled to funding appropriated for purposes of providing programs
3 under Section 21.562.

4 (c) The commissioner may adopt rules for the administration
5 of programs provided under this section.

6 SECTION 3.05. Subchapter Z, Chapter 21, Education Code, is
7 amended by adding Section 21.939 to read as follows:

8 Sec. 21.939. LEGISLATIVE LOBBYIST OR LIAISON; PROHIBITION.

9 (a) A school district may not employ a person who is required to
10 register under Chapter 305, Government Code, by virtue of the
11 person's activities on behalf of the school district.

12 (b) A school district may not employ a person whose primary
13 duties are activities related to proposed legislation or
14 administrative action, including supplying information to members
15 of the legislative or executive branch, obtaining information from
16 members of the legislative or executive branch, monitoring the
17 progress of proposed legislation or administrative action, or
18 acting as an advocate or proponent of proposed legislation or
19 administrative action.

20 (c) A school district that employs a person in violation of
21 this section is liable to this state for a civil penalty in an
22 amount equal to three times the total compensation the district has
23 paid to that person. The attorney general may sue to collect the
24 penalty.

25 (d) If a civil penalty is imposed against a school district

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1 under this section, the commissioner of education shall reduce the
2 amount allocated to the district from the foundation school fund in
3 an amount equal to the compensation paid by the district to the
4 person employed in violation of this section.

5 SECTION 3.06. This article takes effect immediately and
6 applies beginning with the 1993-1994 school year.

7 ARTICLE 4

8 SECTION 4.01. Subsection (a), Section 11.86, Education Code,
9 is amended to read as follows:

10 (a) The comptroller shall conduct an annual study using
11 comparable sales and generally accepted auditing and sampling
12 techniques to determine the total value of all taxable property in
13 each [~~county-education~~] school district [~~and-each-of-its-component~~
14 ~~school-districts~~]. The study shall determine the taxable value of
15 all property and of each category of property within the district
16 and the productivity value of all land that qualifies for appraisal
17 on the basis of its productive capacity and for which the owner has
18 applied for and received a productivity appraisal. The comptroller
19 shall make appropriate adjustments in the study to account for
20 actions taken under Chapter 36. In conducting the study, the
21 comptroller shall review the appraisal standards, procedures, and
22 methodology used by each appraisal district to determine the
23 taxable value of property in each school district. The review must
24 test the validity of the taxable values assigned to each category
25 of property by the appraisal district:

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1 (1) using, if appropriate, samples selected through
2 generally accepted sampling techniques; and

3 (2) according to generally accepted standard
4 valuation, statistical compilation, and analysis techniques. If
5 the comptroller finds in the annual study that generally accepted
6 appraisal standards and practices were used by the appraisal
7 district in valuing a particular category of property, and that the
8 taxable values assigned to each category of property by the
9 appraisal district are valid, the appraisal roll value of that
10 category of property is presumed to represent taxable value. In
11 the absence of such a presumption, the comptroller shall estimate
12 the taxable value of that category of property using generally
13 accepted standard valuation, statistical compilation, and analysis
14 techniques. For the purposes of this section, "taxable value"
15 means market value less:

16 (1) the total dollar amount of any exemptions of part
17 but not all of the value of taxable property required by the
18 constitution or a statute that a district lawfully granted in the
19 year that is the subject of the study;

20 (2) the total dollar amount of any abatements
21 [~~exemptions~~] granted before May 31, 1993, within a reinvestment
22 zone under agreements authorized by the Property Redevelopment and
23 Tax Abatement Act (Chapter 312, Tax Code);

24 (3) the total dollar amount of any captured appraised
25 value of property that is located in a reinvestment zone and that

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1 is eligible for tax increment financing under the Tax Increment
2 Financing Act (Chapter 311, Tax Code);

3 (4) the total dollar amount of any exemptions granted
4 under Section 11.251, Tax Code;

5 (5) the difference between the market value and the
6 productivity value of land that qualifies for appraisal on the
7 basis of its productive capacity, except that the productivity
8 value may not exceed the fair market value of the land;

9 (6) the portion of the appraised value of residence
10 homesteads of the elderly on which school district taxes are not
11 imposed in the year that is the subject of the study, calculated as
12 if the residence homesteads were appraised at the full value
13 required by law;

14 (7) a portion of the market value of property not
15 otherwise fully taxable by the district at market value because of
16 action required by statute or the Texas Constitution that, if the
17 tax rate adopted by the district is applied to it, produces an
18 amount equal to the difference between the tax that the district
19 would have imposed on the property if the property were fully
20 taxable at market value and the tax that the district is actually
21 authorized to impose on the property; and

22 (8) the market value of all tangible personal
23 property, other than manufactured homes, owned by a family or
24 individual and not held or used for the production of income.

25 SECTION 4.02. Subchapter B, Chapter 23, Education Code, is

1 amended by adding Section 23.34 to read as follows:

2 Sec. 23.34. CONTRACTS FOR EDUCATIONAL SERVICES. The board
3 of trustees of an independent school district may contract with a
4 public or private entity for that entity to provide educational
5 services for the district.

6 SECTION 4.03. Subsection (f), Section 317.005, Government
7 Code, is amended to read as follows:

8 (f) The governor or board may adopt an order under this
9 section withholding or transferring any portion of the total amount
10 appropriated to finance the foundation school program for a fiscal
11 year. The governor or board may not adopt such an order if it
12 would result in an allocation of money between particular programs
13 or statutory allotments under the foundation school program
14 contrary to the statutory proration formula provided by Section
15 16.254(h) [~~16.254(d)~~], Education Code. The governor or board may
16 transfer an amount to the total amount appropriated to finance the
17 foundation school program for a fiscal year and may increase the
18 basic allotment. The governor or board may adjust allocations of
19 amounts between particular programs or statutory allotments under
20 the foundation school program only for the purpose of conforming
21 the allocations to actual pupil enrollments or attendance.

22 SECTION 4.04. Subdivision (12), Section 1.04, Tax Code, is
23 amended to read as follows:

24 (12) "Taxing unit" means a county, an incorporated
25 city or town (including a home-rule city), a school district, [a

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1 ~~county--education--district~~7] a special district or authority
2 (including a junior college district, a hospital district, a
3 district created by or pursuant to the Water Code, a mosquito
4 control district, a fire prevention district, or a noxious weed
5 control district), or any other political unit of this state,
6 whether created by or pursuant to the constitution or a local,
7 special, or general law, that is authorized to impose and is
8 imposing ad valorem taxes on property even if the governing body of
9 another political unit determines the tax rate for the unit or
10 otherwise governs its affairs.

11 SECTION 4.05. Section 6.02, Tax Code, is amended by amending
12 Subsections (b) and (f) and adding Subsection (g) to read as
13 follows:

14 (b) A taxing unit [~~other-than-a-county-education-district~~]
15 that has boundaries extending into two or more counties may choose
16 to participate in only one of the appraisal districts. In that
17 event, the boundaries of the district chosen extend outside the
18 county to the extent of the unit's boundaries. To be effective,
19 the choice must be approved by resolution of the board of directors
20 of the district chosen. The choice of a school district to
21 participate in a single appraisal district does not apply to
22 property annexed to the school district under Subchapter C or G,
23 Chapter 36, Education Code, unless:

24 (1) the school district taxes property other than
25 property annexed to the district under Subchapter C or G, Chapter

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1 36, Education Code, in the same county as the annexed property; or
2 (2) the annexed property is contiguous to property in
3 the school district other than property annexed to the district
4 under Subchapter C or G, Chapter 36, Education Code. [A-county
5 education-district-that-has-boundaries-extending-into-two--or--more
6 counties--must--participate-in-each-appraisal-district-in-which-one
7 of-its-component-school--districts--participates--for--purposes--of
8 appraisal-of-the-component-school-district's-territory.]

9 (f) All costs of operating an appraisal district in
10 territory outside the county for which the appraisal district is
11 established are allocated to the taxing unit for which the
12 appraisal district appraises property in [that-chooses-to-add] that
13 territory [to--the-district]. If the appraisal district appraises
14 property in the same territory for two or more taxing units [add
15 the--same--territory--to-an-appraisal-district], costs of operating
16 the district in that territory are allocated to the units in the
17 proportion the total dollar amount of taxes each unit imposes in
18 that territory bears to the total dollar amount of taxes all taxing
19 units participating in the appraisal district impose in that
20 territory.

21 (g) If property is annexed to a school district under
22 Subchapter C or G, Chapter 36, Education Code, the appraisal
23 district established for the county in which the property is
24 located shall appraise the property for the school district, and
25 the school district participates in that appraisal district for

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1 purposes of the appraisal of that property, except as otherwise
2 permitted by Subsection (b).

3 SECTION 4.06. Section 6.03, Tax Code, is amended by amending
4 Subsections (c) through (e) and adding Subsection (m) to read as
5 follows:

6 (c) Members of the board of directors are appointed by vote
7 of the governing bodies of the incorporated cities and towns, the
8 school districts [~~other-than-the-county-education--district~~], and,
9 if entitled to vote, the conservation and reclamation districts
10 that participate in the district and of the county. A governing
11 body may cast all its votes for one candidate or distribute them
12 among candidates for any number of directorships. Conservation and
13 reclamation districts are not entitled to vote unless at least one
14 conservation and reclamation district in the district delivers to
15 the chief appraiser a written request to nominate and vote on the
16 board of directors by June 1 of each odd-numbered year. On receipt
17 of a request, the chief appraiser shall certify a list by June 15
18 of all eligible conservation and reclamation districts that are
19 imposing taxes and that participate in the district.

20 (d) The voting entitlement of a taxing unit that is entitled
21 to vote for directors is determined by dividing the total dollar
22 amount of property taxes imposed in the district by the taxing unit
23 for the preceding tax year by the sum of the total dollar amount of
24 property taxes imposed in the district for that year by each taxing
25 unit that is entitled to vote, by multiplying the quotient by

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1 1,000, and by rounding the product to the nearest whole number.
2 That number is multiplied by the number of directorships to be
3 filled. [~~For--a--school--district,--the--total--dollar--amount--of~~
4 ~~property--taxes--imposed--in--the--district--by--the--unit--is--considered--to~~
5 ~~be--the--sum--of--the--taxes--imposed--by--the--district--and--the--revenue~~
6 ~~received--by--the--district--from--the--county--education--district.~~] A
7 taxing unit participating in two or more districts is entitled to
8 vote in each district in which it participates, but only the taxes
9 imposed in a district are used to calculate voting entitlement in
10 that district.

11 (e) The chief appraiser shall calculate the number of votes
12 to which each taxing unit other than a conservation and reclamation
13 district is entitled and shall deliver written notice to each of
14 those units of its voting entitlement before October 1 of each
15 odd-numbered year. The chief appraiser shall deliver the
16 notice:

17 (1) to the county judge and each commissioner of the
18 county served by the appraisal district;

19 (2) to the presiding officer of the governing body of
20 each city or town participating in the appraisal district, to the
21 city manager of each city or town having a city manager, and to the
22 city secretary or clerk, if there is one, of each city or town that
23 does not have a city manager; and

24 (3) to the presiding officer of the governing body of
25 each school district[~~7--other--than--the--county--education--district,7~~]

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1 participating in the district and to the superintendent of those
2 school districts.

3 (m) If a school district participates in an appraisal
4 district in which the only property of the school district located
5 in the appraisal district is property annexed to the school
6 district under Subchapter C or G, Chapter 36, Education Code, an
7 individual who does not meet the residency requirements of
8 Subsection (a) is eligible to be appointed to the board of
9 directors of the appraisal district if:

10 (1) the individual is a resident of the school
11 district; and

12 (2) the individual is nominated as a candidate for the
13 board of directors by the school district or, if the taxing units
14 have adopted a change in the method of appointing board members
15 that does not require a nomination, the school district appoints or
16 participates in the appointment of the individual.

17 SECTION 4.07. Subsections (d) and (h), Section 6.06, Tax
18 Code, are amended to read as follows:

19 (d) Each taxing unit participating in the district[~~7-other~~
20 ~~than-a-county-education-district~~7] is allocated a portion of the
21 amount of the budget equal to the proportion that the total dollar
22 amount of property taxes imposed in the district by the unit for
23 the tax year in which the budget proposal is prepared bears to the
24 sum of the total dollar amount of property taxes imposed in the
25 district by each participating unit for that year. [~~For-a-school~~

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1 ~~district, other than a county education district, the total dollar~~
2 ~~amount of property taxes imposed in the district by the unit is~~
3 ~~considered to be the sum of the taxes imposed by the district and~~
4 ~~the revenue received by the district from the county education~~
5 ~~district.]~~ If a taxing unit participates in two or more districts,
6 only the taxes imposed in a district are used to calculate the
7 unit's cost allocations in that district. If the number of real
8 property parcels in a taxing unit is less than 5 percent of the
9 total number of real property parcels in the district and the
10 taxing unit imposes in excess of 25 percent of the total amount of
11 the property taxes imposed in the district by all of the
12 participating taxing units for a year, the unit's allocation may
13 not exceed a percentage of the appraisal district's budget equal to
14 three times the unit's percentage of the total number of real
15 property parcels appraised by the district.

16 (h) If a newly formed taxing unit or a taxing unit that did
17 not impose taxes in the preceding year[~~other than a county~~
18 ~~education district,~~] imposes taxes in any tax year, that unit is
19 allocated a portion of the amount budgeted to operate the district
20 as if it had imposed taxes in the preceding year, except that the
21 amount of taxes the unit imposes in the current year is used to
22 calculate its allocation. Before the amount of taxes to be imposed
23 for the current year is known, the allocation may be based on an
24 estimate to which the district board of directors and the governing
25 body of the unit agree, and the payments made after that amount is

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known shall be adjusted to reflect the amount imposed. The payments of a newly formed taxing unit that has no source of funds are postponed until the unit has received adequate tax or other revenues.

SECTION 4.08. Subsections (d), (e), (m), and (n), Section 11.13, Tax Code, are amended to read as follows:

(d) In addition to the exemptions provided by Subsections (b) and (c) of this section, an individual who is disabled or is 65 or older is entitled to an exemption from taxation by a taxing unit of a portion (the amount of which is fixed as provided by Subsection (e) of this section) of the appraised value of his residence homestead if the exemption is adopted either:

(1) by the governing body of the taxing unit [~~other than-a-county-education-district~~]; or

(2) by a favorable vote of a majority of the qualified voters of the taxing unit at an election called by the governing body of a taxing unit [~~other-than-a-county-education-district~~], and the governing body shall call the election on the petition of at least 20 percent of the number of qualified voters who voted in the preceding election of the taxing unit[~~7-or~~

[~~3~~]~~--by--a--favorable--vote--of--a--majority--of--the qualified-voters-of-a-county-education-district-at-an-election-held under-Section-20-9507-Education-Code~~].

(e) The amount of an exemption adopted as provided by Subsection (d) of this section is \$3,000 of the appraised value of

1 the residence homestead unless a larger amount is specified by:

2 (1) the governing body authorizing the exemption if
3 the exemption is authorized as provided by Subdivision (1) of
4 Subsection (d) of this section; or

5 (2) the petition for the election if the exemption is
6 authorized as provided by Subdivision (2) of Subsection (d) of this
7 section[~~or~~

8 [~~(3) the proposition approved at an election held~~
9 ~~under Section 20-9507, Education Code~~].

10 (m) In this section:

11 (1) "Disabled" means under a disability for purposes
12 of payment of disability insurance benefits under Federal Old-Age,
13 Survivors, and Disability Insurance.

14 (2) "School district" means a political subdivision
15 organized to provide general elementary and secondary public
16 education. [~~"School district" includes a county education district~~
17 ~~established by the consolidation of the local school districts in~~
18 ~~its boundaries for the limited purpose of exercising a portion of~~
19 ~~the taxing power previously authorized by the voters in those~~
20 ~~school districts.~~] "School district" does not include a junior
21 college district or a political subdivision organized to provide
22 special education services.

23 (n) In addition to any other exemptions provided by this
24 section, an individual is entitled to an exemption from taxation by
25 a taxing unit [~~other than a county education district~~] of a

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1 percentage of the appraised value of his residence homestead if the
2 exemption is adopted by the governing body of the taxing unit
3 before May 1 in the manner provided by law for official action by
4 the body. If the percentage set by the taxing unit produces an
5 exemption in a tax year of less than \$5,000 when applied to a
6 particular residence homestead, the individual is entitled to an
7 exemption of \$5,000 of the appraised value. The percentage adopted
8 by the taxing unit may not exceed 20 percent. [~~In addition to any~~
9 ~~other exemptions provided by this section, an individual is~~
10 ~~entitled to an exemption from taxation by a county education~~
11 ~~district of a percentage of the appraised value of his residence~~
12 ~~homestead if the exemption is adopted by the voters of the district~~
13 ~~at an election held in the district for that purpose under Section~~
14 ~~20.946, Education Code.] If the percentage set by the voters~~
15 produces an exemption in a tax year of less than \$5,000 when
16 applied to a particular residence homestead, the individual is
17 entitled to an exemption of \$5,000 of the appraised value. The
18 percentage adopted by the voters may not exceed 20 percent.

19 SECTION 4.09. Subsections (c) and (e), Section 11.14, Tax
20 Code, are amended to read as follows:

21 (c) The governing body of a taxing unit, [~~other than a~~
22 ~~county education district,~~] by resolution or order, depending upon
23 the method prescribed by law for official action by that governing
24 body, may provide for taxation of tangible personal property
25 exempted under Subsection (a). [~~The voters of a county education~~

~~district, by an election held under Section 20.951, Education Code,~~
~~may provide for taxation of--tangible--personal--property--exempted~~
~~under--Subsection--(a).]~~ If a taxing unit provides for taxation of
tangible personal property as provided by this subsection, the
exemption prescribed by Subsection (a) does not apply to that unit.

(e) A political subdivision [~~other than a county education~~
~~district]~~ choosing to tax property otherwise made exempt by this
section, pursuant to Article VIII, Section 1(e), of the Texas
Constitution, may not do so until the governing body of the
political subdivision has held a public hearing on the matter,
after having given notice of the hearing at the times and in the
manner required by this subsection, and has found that the action
will be in the public interest of all the residents of that
political subdivision. At the hearing, all interested persons are
entitled to speak and present evidence for or against taxing the
property. Not later than the 30th day prior to the date of a
hearing held under this subsection, notice of the hearing must be:

(1) published in a newspaper having general
circulation in the political subdivision and in a section of the
newspaper other than the advertisement section;

(2) not less than one-half of one page in size; and

(3) republished on not less than three separate days
during the period beginning with the 10th day prior to the hearing
and ending with the actual date of the hearing.

SECTION 4.10. Section 21.01, Tax Code, is amended to read as

1 follows:

2 Sec. 21.01. REAL PROPERTY. Real property is taxable by a
3 taxing unit if located in the unit on January 1, except as provided
4 by Chapter 36, Education Code.

5 SECTION 4.11. Section 21.02, Tax Code, is amended to read as
6 follows:

7 Sec. 21.02. TANGIBLE PERSONAL PROPERTY GENERALLY.

8 (a) Except as provided by Subsection (b) and Sections 21.021,
9 21.04, and 21.05 [~~of--this--code~~], tangible personal property is
10 taxable by a taxing unit if:

11 (1) it is located in the unit on January 1 for more
12 than a temporary period;

13 (2) it normally is located in the unit, even though it
14 is outside the unit on January 1, if it is outside the unit only
15 temporarily;

16 (3) it normally is returned to the unit between uses
17 elsewhere and is not located in any one place for more than a
18 temporary period; or

19 (4) the owner resides (for property not used for
20 business purposes) or maintains his principal place of business in
21 this state (for property used for business purposes) in the unit
22 and the property is taxable in this state but does not have a
23 taxable situs pursuant to Subdivisions (1) through (3) of this
24 section.

25 (b) Tangible personal property having taxable situs at the

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1 same location as real property detached from a school district and
2 annexed by another school district under Chapter 36, Education
3 Code, is taxable in the tax year in which the detachment and
4 annexation occurs by the same school district by which the real
5 property is taxable in that tax year under Chapter 36, Education
6 Code. For purposes of this subsection and Chapter 36, Education
7 Code, tangible personal property has taxable situs at the same
8 location as real property detached and annexed under Chapter 36,
9 Education Code, if the detachment and annexation of the real
10 property, had it occurred before January 1 of the tax year, would
11 have changed the taxable situs of the tangible personal property
12 determined as provided by Subsection (a) from the school district
13 from which the real property was detached to the school district to
14 which the real property was annexed.

15 (c) Tangible personal property has taxable situs in a school
16 district that is the result of a consolidation under Chapter 36,
17 Education Code, in the year in which the consolidation occurs if
18 the property would have had taxable situs in the consolidated
19 district in that year had the consolidation occurred before January
20 1 of that year.

21 SECTION 4.12. Section 25.25, Tax Code, is amended by adding
22 Subsection (h) to read as follows:

23 (h) The chief appraiser shall change the appraisal records
24 and school district appraisal rolls promptly to reflect the
25 detachment and annexation of property among school districts under

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1 Subchapter C or G, Chapter 36, Education Code.

2 SECTION 4.13. The following provisions are repealed:

3 (1) Section 1.05 and Subchapter G, Chapter 20,
4 Education Code;

5 (2) Sections 6.061(f), 26.12(e), and 312.002(e) and
6 (f), Tax Code.

7 SECTION 4.14. Effective September 1, 1993, each county
8 education district created under Section 2, Chapter 20, Acts of the
9 72nd Legislature, Regular Session, 1991, is abolished.

10 SECTION 4.15. (a) On August 31, 1993, each county education
11 district shall transfer its funds to its component school districts
12 in the manner provided by rule of the commissioner of education,
13 except any penalties paid to a county education district in 1993
14 shall be allocated to the school district that is the situs of the
15 property that incurred the penalties.

16 (b) On September 1, 1993, any assets of a county education
17 district other than funds are transferred to its component school
18 districts in the manner and amounts provided by rule of the
19 commissioner of education.

20 (c) On September 1, 1993, the contracts and other
21 liabilities of a county education district are transferred to its
22 component school districts in the manner and amounts, including
23 joint obligations, provided by rule of the commissioner of
24 education.

25 (d) The records of the board of a county education district

shall be maintained as provided by rule of the commissioner of education.

(e) The component school districts of a county education district abolished by this Act may collect and use or distribute taxes imposed by the county education district that are delinquent in the manner provided by rule of the commissioner of education.

SECTION 4.16. This article takes effect immediately and applies beginning with the 1993-1994 school year.

ARTICLE 5

SECTION 5.01. Subchapter Z, Chapter 13, Education Code, is amended by adding Section 13.914 to read as follows:

Sec. 13.914. LOANED TEACHERS. (a) A school district may by agreement with a business, including a sole proprietorship or corporation, accept for special employment as a classroom teacher with the district a person employed by the business subject to the conditions prescribed by Subsection (b).

(b) An agreement under Subsection (a) must provide that:

(1) the salary of the loaned teacher is paid by the business according to the contractual relationship between the business and the loaned teacher;

(2) the school district shall supervise the loaned teacher in the performance of teaching activities; and

(3) all health and accident insurance and pension benefits of the loaned teacher are the exclusive obligation of the business.

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1 person standing in parental relation commits an offense. The
2 attendance officer shall file a complaint against him in the county
3 court, in the justice court of his resident precinct, or in the
4 municipal court of the municipality in which he resides or in the
5 municipality or justice of the peace precinct in which the school
6 is located. In addition, if the child has unexcused voluntary
7 absences for the amount of time specified under Section
8 51.03(b)(2), Family Code [~~been-voluntarily-absent-from-school-for~~
9 ~~10-or-more-days-or-parts-of-days-within-a-six-month-period-or-three~~
10 ~~or-more-days-or-parts-of-days-within-a-four-week-period-without-the~~
11 ~~consent-of-his-parents~~], the attendance officer shall refer the
12 child to the county juvenile probation department for action as
13 conduct indicating a need for supervision under that section
14 [~~Section--51.03(b),--Family-Code~~]. A court in which a complaint is
15 filed under this subsection shall give preference to a hearing on
16 the complaint over other cases before the court. An offense under
17 this section is punishable by a fine of not less than \$10 [\$5] nor
18 more than \$50 [\$25] for the first offense, not less than \$20 [~~\$10~~]
19 nor more than \$100 [\$50] for the second offense, and not less than
20 \$50 [\$25] nor more than \$200 [~~\$100~~] for a subsequent offense. Each
21 day the child remains out of school after the warning has been
22 given or the child ordered to school by the juvenile court may
23 constitute a separate offense. If the court probates the sentence,
24 the court may require the defendant to render personal services to
25 a charitable or educational institution as a condition of

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1 probation.

2 (b) A fine collected under this section shall be deposited
3 as follows:

4 (1) one-half shall be deposited to the credit of the
5 operating fund of the school district in which the child attends
6 school; and

7 (2) one-half shall be deposited to the credit of:

8 (A) the general fund of the county, if the
9 complaint is filed in the county court or justice court; or

10 (B) the general fund of the municipality, if the
11 complaint is filed in municipal court [~~It--is--a--defense--to~~
12 ~~prosecution-under-Subsection-(a)-of-this-section-that-the-parent-or~~
13 ~~person--standing--in--parental--relation--to-the-child-is-unable-to~~
14 ~~compel-the-child-to-attend-school~~].

15 SECTION 6.02. Chapter 54, Family Code, is amended by adding
16 Section 54.043 to read as follows:

17 Sec. 54.043. MONITORING SCHOOL ATTENDANCE. If the court
18 places a child on probation under Section 54.04(d) and requires as
19 a condition of probation that the child attend school, the
20 probation officer charged with supervising the child shall monitor
21 the child's school attendance and report to the court if the child
22 is voluntarily absent from school.

23 SECTION 6.03. (a) The change in law made by this article
24 applies only to an offense committed on or after the effective date
25 of this article. For the purposes of this section, an offense is

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1 committed before the effective date of this article if any element
2 of the offense occurs before the effective date.

3 (b) An offense committed before the effective date of this
4 article is covered by the law in effect when the offense was
5 committed, and the former law is continued in effect for that
6 purpose.

7 SECTION 6.04. This article takes effect September 1, 1993.

8 ARTICLE 7

9 SECTION 7.01. Title 2, Education Code, is amended by adding
10 Chapter 35 to read as follows:

11 CHAPTER 35. PUBLIC SCHOOL SYSTEM ACCOUNTABILITY

12 SUBCHAPTER A. GENERAL PROVISIONS

13 Sec. 35.001. PUBLIC EDUCATION GOALS. The objective of state
14 support and maintenance of a system of public education is
15 education for good citizenship and is grounded on the conviction
16 that a general diffusion of knowledge is essential for the welfare
17 of Texas and for the preservation of the liberties and rights of
18 citizens. The goals of public education are as follows:

19 GOAL A: All students shall have access to an education of
20 high quality that will prepare them to participate fully now and in
21 the future in the social, economic, and educational opportunities
22 available in Texas.

23 GOAL B: The achievement gap between educationally
24 disadvantaged students and other populations will be closed.
25 Through enhanced dropout prevention efforts, the graduation rate

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1 will be raised to 95 percent of students who enter the seventh
2 grade.

3 GOAL C: The state shall demonstrate exemplary performance in
4 comparison to national and international standards for student
5 performance.

6 GOAL D: A well-balanced and appropriate curriculum will be
7 provided to all students.

8 GOAL E: Qualified and effective personnel will be attracted
9 and retained. Adequate and competitive compensation commensurate
10 with responsibilities will be ensured. Qualified staff in critical
11 shortage areas will be recruited, trained, and retained.

12 GOAL F: The organization and management of all levels of the
13 education system will be productive, efficient, and accountable.

14 GOAL G: Instruction and administration will be improved
15 through research that identifies creative and effective methods.
16 Demonstration programs will be developed and local initiatives
17 encouraged for new instructional arrangements and management
18 techniques. Technology will be used to increase the equity,
19 efficiency, and effectiveness of student learning, instructional
20 management, staff development, and administration.

21 SUBCHAPTER B. ASSESSMENT OF ACADEMIC SKILLS

22 Sec. 35.021. ESSENTIAL SKILLS AND KNOWLEDGE. (a) The State
23 Board of Education by rule shall establish the essential skills and
24 knowledge that all students should learn to achieve the goals
25 provided under Section 35.001.

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1 (b) Before adopting rules under this section, the board
2 shall consider the comments of the Legislative Education Board as
3 required under Section 11.24.

4 Sec. 35.022. ASSESSMENT PROGRAM. (a) The State Board of
5 Education by rule shall create and implement a statewide assessment
6 program that is primarily performance-based to ensure school
7 accountability for student achievement that achieves the goals
8 provided under Section 35.001. After adopting rules under this
9 section, the State Board of Education shall consider the importance
10 of maintaining stability in the statewide assessment program when
11 adopting any subsequent modification of the rules.

12 (b) Before adopting rules under this section, the State
13 Board of Education shall consider the comments of the Legislative
14 Education Board as required under Section 11.24.

15 Sec. 35.023. ADOPTION AND ADMINISTRATION OF INSTRUMENTS.
16 (a) The Central Education Agency shall adopt appropriate
17 criterion-referenced assessment instruments designed to assess
18 competencies in reading, writing, social studies, science,
19 mathematics, and other subject areas determined by the State Board
20 of Education. Assessment in reading and mathematics shall be
21 annual for all nonexempt pupils in grades three through eight and
22 assessment shall be periodic in other areas as determined by the
23 State Board of Education.

24 (b) The Central Education Agency shall also adopt secondary
25 exit-level assessment instruments designed to assess competencies

1 in mathematics, social studies, science, and English language arts
2 and other subject areas determined by the State Board of Education.
3 The English language arts section must include the assessment of
4 writing competencies. The State Board of Education shall
5 administer the assessment instruments.

6 (c) The State Board of Education shall adopt a schedule for
7 the administration of secondary exit-level assessment instruments.
8 Each pupil who did not perform satisfactorily on any secondary
9 exit-level assessment instrument when initially tested shall be
10 given multiple opportunities to retake that assessment instrument.

11 (d) An assessment instrument adopted under this section may
12 include multiple sets of questions with one set administered to
13 each group of students assessed in order to enhance security and
14 broaden the total curriculum elements assessed.

15 (e) The assessment instruments shall be designed to include
16 assessment of a student's problem-solving ability and
17 complex-thinking skills.

18 (f) The assessment instruments required by Subsections (a)
19 and (b) must include assessments of social studies and science not
20 later than the 1994-1995 school year. The State Board of Education
21 may adopt a schedule for the addition of the assessment of those
22 subjects at the required grade levels in phases. This subsection
23 expires August 31, 1995.

24 (g) The State Board of Education may adopt one appropriate,
25 nationally recognized, norm-referenced assessment instrument in

1 reading and mathematics to be administered uniformly in the spring.
2 If adopted, a norm-referenced assessment instrument must be a
3 secured test. The state may pay the costs of purchasing and
4 scoring the adopted assessment instrument and of distributing the
5 results of the adopted instrument to the school districts. A
6 district that administers the norm-referenced test adopted under
7 this section shall report the results to the Central Education
8 Agency in a manner prescribed by the commissioner of education.

9 (h) Not later than the 1994-1995 school year, the Central
10 Education Agency shall adopt end-of-course tests for grades nine
11 through 12 for subjects as defined by the commissioner of education
12 and the State Board of Education.

13 (i) The Central Education Agency shall notify school
14 districts and campuses of the results of assessment instruments
15 administered under this section at the earliest possible date
16 determined by the State Board of Education but not later than the
17 beginning of the subsequent school year.

18 (j) The provisions of this section are subject to
19 modification by rules adopted under Section 35.022. Each
20 assessment instrument adopted under those rules must be reliable
21 and valid and must meet federal requirements for measurement of
22 student progress.

23 Sec. 35.024. SATISFACTORY PERFORMANCE. (a) The State Board
24 of Education shall determine the level of performance considered to
25 be satisfactory on the assessment instruments.

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1 (b) Each school district shall offer an intensive program of
2 instruction for students who did not perform satisfactorily on an
3 assessment instrument administered under this subchapter. The
4 intensive programs shall be designed to enable the students to be
5 performing at grade level at the conclusion of the next regular
6 school term.

7 (c) The Central Education Agency shall develop and
8 distribute study guides to assist parents in providing assistance
9 during the period that school is recessed for summer to students
10 who do not perform satisfactorily on one or more parts of an
11 assessment instrument administered under this subchapter. The
12 commissioner of education shall retain a portion of the total
13 amount of funds allotted under Section 16.152(a) that the
14 commissioner considers appropriate to finance the development and
15 distribution of the study guides and shall reduce each district's
16 allotment proportionately.

17 Sec. 35.025. EXIT-LEVEL PERFORMANCE REQUIRED. (a) A
18 student may not receive a high school diploma until the student has
19 performed satisfactorily on the secondary exit-level assessment
20 instruments for reading, writing, and mathematics. The State Board
21 of Education shall adopt a schedule for the addition of
22 satisfactory performance on secondary exit-level assessment
23 instruments in other subject areas as a requirement for receipt of
24 a high school diploma.

25 (b) Each time a secondary exit-level assessment instrument

1 is administered, a student who has not been given a high school
2 diploma because of a failure to perform satisfactorily on the
3 assessment instrument for that subject area may retake the
4 assessment instrument.

5 (c) A student who has been denied a high school diploma
6 under Subsections (a) and (b) and who subsequently performs
7 satisfactorily on each secondary exit-level assessment instrument
8 shall be issued a high school diploma.

9 Sec. 35.026. LOCAL OPTION. In addition to the assessment
10 instruments adopted by the Central Education Agency and
11 administered by the State Board of Education, a local school
12 district may adopt and administer criterion-referenced or
13 norm-referenced assessment instruments, or both, at any grade
14 level. A norm-referenced assessment instrument adopted under this
15 section must be economical, nationally recognized, and
16 state-approved.

17 Sec. 35.027. EXEMPTION. (a) Any student who has a physical
18 or mental impairment or a learning disability that prevents the
19 student from mastering the competencies which the academic skills
20 assessment instruments are designed to measure may be exempted from
21 the requirements of this subchapter.

22 (b) The State Board of Education shall adopt rules under
23 which a district may determine if a student is eligible for an
24 exemption under this section. The Central Education Agency shall
25 closely monitor compliance with those rules.

(c) The State Board of Education shall adopt rules under which a dyslexic student who is not exempt under this section may utilize procedures including but not limited to oral examinations where appropriate and the allowance of additional time and the materials or technology necessary for the student to demonstrate the student's mastery of the competencies the assessment instruments are designed to measure.

Sec. 35.028. COMPARISON OF STATE RESULTS TO NATIONAL RESULTS. The state assessment program shall obtain nationally comparative results for the subject areas and grade levels for which criterion-referenced assessment instruments are adopted under Section 35.023.

Sec. 35.029. MIGRANT WORKERS. (a) The State Board of Education by rule may provide alternate dates for the administration of the assessments to a student whose parent or guardian is a migrant worker and who travels with the parent or guardian. The alternate dates may be chosen following a consideration of migrant work patterns, and the dates selected may afford maximum opportunity for the students to be present when the assessment instruments are administered.

(b) In this section, "migrant worker" means an individual who is employed in agricultural labor of a seasonal or temporary nature and whose work requires the individual to be absent overnight from the individual's residence.

Sec. 35.030. CONFIDENTIALITY; PERFORMANCE REPORTS. (a) In

1 adopting academic skills assessment instruments under this
2 subchapter, the State Board of Education or a local school district
3 shall ensure the security of the instruments and tests in their
4 preparation, administration, and grading. Meetings or portions of
5 meetings held by the State Board of Education or a local school
6 district at which individual assessment instruments or assessment
7 instrument items are discussed or adopted are not open to the
8 public under Chapter 271, Acts of the 60th Legislature, Regular
9 Session, 1967 (Article 6252-17, Vernon's Texas Civil Statutes), and
10 the assessment instruments or assessment instrument items are
11 confidential.

12 (b) The results of individual student performance on
13 academic skills assessment instruments administered under this
14 subchapter are confidential and may be made available only to the
15 student, the student's parent or guardian, the school personnel
16 directly involved with the student's educational program, and the
17 Central Education Agency as required by this subchapter. However,
18 overall student performance data shall be aggregated by grade
19 level, subject area, campus, and district and made available to the
20 public, with appropriate interpretations, at regularly scheduled
21 meetings of the governing board of each school district. The
22 information may not contain the names of individual students or
23 teachers. The commissioner of education shall compile all of the
24 data and report it to the legislature, lieutenant governor, and
25 governor no later than January 1 of each odd-numbered year.

1 (c) In compiling performance data under Subsection (b), a
2 district or the commissioner of education may aggregate separately
3 from the performance data of other students the performance data of
4 students enrolled in:

5 (1) a bilingual education or special language program
6 under Subchapter L, Chapter 21; or

7 (2) a special education program under Subchapter N,
8 Chapter 21.

9 Sec. 35.031. COST. The cost of preparing, administering, or
10 grading the assessment instruments shall be paid from the
11 compensatory aid provided by Section 16.152, and each district
12 shall bear the cost in the same manner described for a reduction in
13 allotments under Section 16.254. If a district does not receive an
14 allocation of compensatory aid, the commissioner of education shall
15 subtract the cost from the district's other foundation school fund
16 allocations.

17 Sec. 35.032. BIENNIAL REPORTS. The State Board of Education
18 shall biennially report to the legislature an evaluation of the
19 correlation between student grades and student performance on
20 assessment instruments administered under this subchapter. The
21 report may be included with other reports made as required by law.

22 Sec. 35.033. ASSESSMENT INSTRUMENT STANDARDS; CIVIL PENALTY.
23 (a) A company or organization may not distribute to, sell to, or
24 grade for the same school district the same form of an assessment
25 instrument for more than three school years. A school district may

1 not use the same form of an assessment instrument for more than
2 three years.

3 (b) A company or organization that grades an assessment
4 instrument shall report the results to the district and to the
5 Central Education Agency by campus and district and in comparison
6 to state and national averages, unless the agency requests a report
7 of the results in another form.

8 (c) State and national norms of averages shall be computed
9 using data that are not more than two years old at the time the
10 assessment instrument is administered and that are representative
11 of the group of students to whom the assessment instrument is
12 administered. The standardization norms shall be based on a
13 national probability sample that meets accepted standards for
14 educational and psychological testing and shall be updated at least
15 every two years using proven psychometric procedures approved by
16 the State Board of Education.

17 (d) A company or organization that reports results using
18 national norms that are not calculated in compliance with
19 Subsection (c) is liable to the state in an amount equal to three
20 times the amount of actual damages. The actual damages are
21 presumed to be at least equal to the amount charged by the company
22 or organization to a school district for the assessment instrument,
23 including any charge for grading the assessment instrument. The
24 attorney general, a district attorney, or a county attorney may
25 bring suit to collect the damages on the request of the State Board

1 of Education or on the request of a student or a parent or guardian
2 of a student to whom the assessment instrument was administered.

3 (e) The State Board of Education shall adopt rules for the
4 implementation of this section and for the maintenance of the
5 security of the contents of all assessment instruments.

6 (f) In this section, "assessment instrument" means a
7 group-administered achievement test.

8 SUBCHAPTER C. PERFORMANCE INDICATORS

9 Sec. 35.041. ACADEMIC EXCELLENCE INDICATORS. (a) The State
10 Board of Education, on the advice of the Legislative Education
11 Board, shall adopt a set of indicators of the quality of learning
12 on a campus. The State Board of Education biennially shall review
13 the indicators for the consideration of appropriate revisions.

14 (b) Performance on the indicators adopted under this section
15 shall be compared to state-established standards. The degree of
16 change from one school year to the next in performance on each
17 indicator adopted under this section shall also be considered. The
18 indicators must be based on information that is disaggregated with
19 respect to race, ethnicity, gender, and socioeconomic status and
20 must include:

21 (1) the results of assessment instruments required
22 under Subchapter B aggregated by grade level and subject area;

23 (2) dropout rates;

24 (3) student attendance rates;

25 (4) high school end-of-course examinations adopted by

1 the State Board of Education;

2 (5) the percentage of graduating students who attain
3 scores on the secondary exit-level assessment instruments required
4 under Subchapter B that are equivalent to a passing score on the
5 test instrument required under Section 51.306;

6 (6) the percentage of graduating students who meet the
7 course requirements established by the State Board of Education for
8 career or college preparation program designations when available;

9 (7) the results of the Scholastic Assessment Test
10 (SAT) and the American College Test; and

11 (8) any other indicator the State Board of Education
12 adopts.

13 (c) Performance on the indicator under Subsection (b)(1)
14 shall be compared to state standards, required improvement, and
15 comparable improvement. The state standard shall be established by
16 the commissioner of education. Required improvement is defined as
17 the progress necessary for the campus or district to meet state
18 standards and for its students to meet exit requirements as defined
19 by the commissioner of education. Comparable improvement is
20 derived by measuring campuses and districts against a profile
21 developed from a total state student performance data base which
22 exhibits substantial equivalence to the characteristics of students
23 served by the campus or district, including but not limited to past
24 academic performance, socioeconomic status, ethnicity, and limited
25 English proficiency.

1 (d) The State Board of Education shall report the status of
 2 education in the state as reflected by the indicators to the
 3 legislature not later than February 1 of each odd-numbered year.

4 (e) Annually, the commissioner of education shall define
 5 exemplary, recognized, and unacceptable performance for each
 6 academic excellence indicator included under Subsections (b)(1)
 7 through (6) and shall project the standards for each of those
 8 levels of performance for succeeding years.

9 Sec. 35.042. PERFORMANCE REPORT. (a) Each board of
 10 trustees shall publish an annual report describing the educational
 11 performance of the district and of each campus in the district that
 12 includes uniform student performance and descriptive information as
 13 determined under rules adopted by the commissioner of education.
 14 The annual report must also include campus performance objectives
 15 established under Section 21.7532 and the progress of each campus
 16 toward those objectives, which shall be available to the public.
 17 The annual report must also include the performance rating for the
 18 district as provided under Section 35.062(a) and the performance
 19 rating of each campus in the district as provided under Section
 20 35.062(c). Supplemental information to be included in the reports
 21 shall be determined by the local board of trustees. Performance
 22 information in the annual reports on the indicators established
 23 under Section 35.041 and descriptive information required by this
 24 section shall be provided by the Central Education Agency.

25 (b) The board of trustees shall hold a hearing for public

discussion of the report. The board of trustees shall notify property owners and parents in the district of the hearing. After the hearing the report shall be widely disseminated within the district in a manner to be determined under rules adopted by the commissioner of education.

(c) The report must also include a comparison provided by the Central Education Agency of:

(1) the performance of each campus to its previous performance and to state-established standards;

(2) the performance of each district to its previous performance and to state-established standards; and

(3) the performance of each campus or district to comparable improvement.

(d) The report may include the following information:

(1) student information, including total enrollment, enrollment by ethnicity, economic status, and grade groupings and retention rates;

(2) financial information, including revenues and expenditures;

(3) staff information, including number and type of staff by sex, ethnicity, years of experience, and highest degree held, teacher and administrator salaries, and teacher turnover; and

(4) program information, including student enrollment by program, teachers by program, and instructional operating expenditures by program.

1 (e) The State Board of Education by rule shall authorize the
2 combination of this report with other reports and financial
3 statements and shall restrict the number and length of reports that
4 school districts, school district employees, and school campuses
5 are required to prepare.

6 (f) The report must include a statement of the amount, if
7 any, of the school district's unencumbered surplus fund balance as
8 of the last day of the preceding fiscal year and the percentage of
9 the preceding year's budget that the surplus represents.

10 Sec. 35.043. CAMPUS REPORT CARD. (a) Each school year, the
11 Central Education Agency shall prepare and distribute to each
12 school district a report card for each campus. The campus report
13 cards must be based on the most current data available
14 disaggregated by student groups. Campus performance must be
15 compared to previous campus and district performance, current
16 district performance, state established standards, and comparable
17 campus group performance.

18 (b) The report card shall include the following information
19 where applicable:

20 (1) student performance on state adopted assessment
21 instruments;

22 (2) attendance;

23 (3) dropout rate;

24 (4) student performance on college admissions tests;

25 (5) student/teacher ratios; and

1 (6) administrative and instructional costs per
2 student.

3 (c) The commissioner of education shall adopt rules for
4 requiring dissemination of campus report cards annually to the
5 parent of or person standing in parental relation to each student
6 at the campus. On written request, the school district shall
7 provide a copy of a campus report card to any other party.

8 Sec. 35.044. USES OF PERFORMANCE REPORT. The information
9 required to be reported under Section 35.042 shall be:

10 (1) the subject of public hearings or meetings
11 required under Sections 21.930, 21.931, and 35.042;

12 (2) a primary consideration in district and campus
13 planning; and

14 (3) a primary consideration of:

15 (A) the State Board of Education in the
16 evaluation of the performance of the commissioner of education;

17 (B) the commissioner of education in the
18 evaluation of the performance of the directors of the regional
19 education service centers;

20 (C) the board of trustees of a school district
21 in the evaluation of the performance of the superintendent of the
22 district; and

23 (D) the superintendent in the evaluation of the
24 performance of the district's campus principals.

SUBCHAPTER D. ACCREDITATION STATUS

Sec. 35.061. ACCREDITATION REQUIRED. Each school district must be accredited by the Central Education Agency.

Sec. 35.062. ACCREDITATION STANDARDS. (a) The State Board of Education shall adopt rules for the accreditation of school districts. The rules shall include criteria to evaluate the performance of school districts and to assign to districts that are accredited and that have a performance in one of the categories described below an additional performance rating as follows:

(1) exemplary (meets or exceeds state exemplary standards);

(2) recognized (meets or exceeds required improvement and within 10 percent of state exemplary standards); or

(3) accredited warned (below the state clearly unacceptable performance standard and does not meet required improvement).

(b) The academic excellence indicators adopted under Sections 35.041(b)(1) through (6) shall be the main consideration of the Central Education Agency in the rating of the district under this section. Additional criteria in the accreditation rules may include consideration of:

(1) goals and objectives of the district;

(2) compliance with statutory requirements and requirements imposed by rule of the State Board of Education under statutory authority;

1 (3) the relation between the academic excellence
2 indicators adopted by the State Board of Education under Section
3 35.041 and the campus performance objectives established under
4 Section 21.7532, including the manner in which the campus
5 performance objectives were established and the progress of the
6 campus in meeting the objectives;

7 (4) the quality of learning on each of the district's
8 campuses based on indicators including scores on achievement tests;

9 (5) the quality of the district's appraisal of teacher
10 performance and of administrator performance;

11 (6) the effectiveness of the district's principals as
12 instructional leaders;

13 (7) the effectiveness of the district's campuses on
14 the basis of the most current criteria identified by research on
15 effective schools;

16 (8) the fulfillment of curriculum requirements;

17 (9) the effectiveness of the district's programs in
18 special education based on the Central Education Agency's most
19 recent compliance review of the district and programs for special
20 populations;

21 (10) the effectiveness of district and campus staff
22 development programs;

23 (11) the effective use of technology to enhance
24 student achievement;

25 (12) the effectiveness of the district's remedial and

support programs under Section 21.557 for students at risk of dropping out of school;

(13) the effectiveness of the district's dropout prevention and recovery programs;

(14) efficient allocation of available resources;

(15) the presence and quality of comprehensive and developmental guidance and counseling programs on campuses;

(16) the quality and effectiveness of the district's vocational education program; and

(17) the effectiveness of the board of trustees in governing the district.

(c) The Central Education Agency shall evaluate against state standards and shall report the performance of each campus in a district on the basis of the campus's performance on the indicators adopted under Sections 35.041(b)(1) through (6).

Sec. 35.063. DETERMINING ACCREDITATION STATUS. (a) The Central Education Agency shall annually review the performance of each district and campus on the indicators adopted under Sections 35.041(b)(1) through (6) and determine if a change in the accreditation status of the district is warranted.

(b) Each annual review shall include an analysis of the indicators under Sections 35.041(b)(1) through (6) to determine district and campus performance in relation to:

(1) standards established for each indicator;

(2) required improvement as defined under Section

1 35.041(c); and

2 (3) comparable improvement as defined by Section
3 35.041(c).

4 (c) A district's accreditation rating may be raised or
5 lowered based on the district's performance or may be lowered based
6 on the unacceptable performance of one or more campuses in the
7 district.

8 (d) In compliance with Section 21.925, the State Board of
9 Education shall make optimum use of the agency's public education
10 information management system to minimize the written reporting
11 requirements of school districts.

12 (e) Beginning not later than the 1993-1994 school year, the
13 commissioner of education shall notify a district that is rated
14 accredited warned and the performance of the district or a campus
15 in the district is below each standard under Subsection (b) and
16 shall require the district to notify property owners and parents in
17 the district of the lowered accreditation rating and its
18 implication.

19 Sec. 35.064. ON-SITE INVESTIGATIONS. (a) The commissioner
20 of education may direct the Central Education Agency to conduct
21 on-site investigations at any time and may raise or lower the
22 accreditation rating as a result of the investigation.

23 (b) The commissioner of education shall determine the
24 frequency of on-site investigations by the Central Education Agency
25 according to annual comprehensive analyses of student performance

1 and equity in relation to the academic excellence indicators
2 adopted under Section 35.041.

3 (c) In making an on-site accreditation investigation, the
4 investigators shall obtain information from administrators,
5 teachers, and parents of students enrolled in the district. The
6 investigation may not be closed until information is obtained from
7 each of those sources. The State Board of Education shall adopt
8 rules for:

9 (1) obtaining information from parents and using that
10 information in the investigator's report; and

11 (2) obtaining information from teachers in a manner
12 that prevents a campus or district from screening the information.

13 (d) The Central Education Agency shall give written notice
14 to the superintendent and the board of trustees of any impending
15 investigation of the district's accreditation.

16 (e) If an annual review indicates low performance on one or
17 more of the indicators under Sections 35.041(b)(1) through (6) of
18 one or more campuses in a district, the Central Education Agency
19 may conduct an on-site evaluation of those campuses only.

20 (f) The investigators shall report orally and in writing to
21 the board of trustees of the district and, as appropriate, to
22 campus administrators and shall make recommendations concerning any
23 necessary improvements or sources of aid such as regional education
24 service centers.

25 Sec. 35.065. SPECIAL ACCREDITATION INVESTIGATIONS. (a) The

1 commissioner of education shall authorize special accreditation
2 investigations to be conducted under the following circumstances:

3 (1) when excessive numbers of absences of students
4 eligible to be tested on state assessment instruments are
5 determined;

6 (2) when excessive numbers of allowable exemptions
7 from the required state assessment are determined;

8 (3) in response to complaints submitted to the Central
9 Education Agency with respect to any of the following:

10 (A) alleged violations of civil rights or other
11 requirements imposed on the state by federal law or court order; or

12 (B) alleged violations of the accreditation
13 criteria related to effective governance operations; or

14 (4) in response to established compliance reviews of
15 the district's financial accounting practices and state and federal
16 program requirements.

17 (b) Based on the results of a special accreditation
18 investigation, the commissioner of education may lower the
19 district's accreditation rating and may take appropriate action
20 under Subchapter G.

21 Sec. 35.066. AGENCY ASSISTANCE. The Central Education
22 Agency shall provide assistance to districts which have been found
23 to have difficulty meeting accreditation standards.

24 SUBCHAPTER E. SUCCESSFUL SCHOOLS AWARDS

25 Sec. 35.081. CREATION OF SYSTEM. The Texas Successful

Schools Awards System is created to recognize and reward those schools and school districts that demonstrate progress or success in achieving the education goals of the state.

Sec. 35.082. TYPES OF AWARDS. (a) The governor may present a financial award to the schools or districts that the commissioner of education determines have demonstrated the highest levels of sustained success or the greatest improvement in achieving the education goals. For each student in average daily attendance, each of those schools or districts is entitled to an amount set for the award for which the school or district is selected by the commissioner of education, subject to any limitation set by the commissioner on the total amount that may be awarded to a school or district.

(b) The governor may present proclamations or certificates to additional schools and districts determined to have met or exceeded the education goals.

(c) The commissioner of education may establish additional categories of awards and award amounts for a school or district determined to be successful under Subsection (a) or (b) that are contingent on the school's or district's involvement with paired, lower-performing schools.

Sec. 35.083. AWARDS. (a) The criteria which the commissioner of education shall use to select successful schools and districts shall be related to the goals in Section 35.001 and shall include consideration of performance on the academic

1 excellence indicators adopted under Section 35.041. For purposes
2 of selecting schools and districts under Section 35.082(a), each
3 school's performance shall be compared to state standards and to
4 its previous performance.

5 (b) The commissioner of education shall select annually
6 schools and districts qualified to receive successful school awards
7 for their performance and report the selections to the governor and
8 the State Board of Education.

9 (c) The Central Education Agency shall notify each school
10 district of the manner in which the district or a school in the
11 district may qualify for a successful school award.

12 Sec. 35.084. USE OF AWARDS. (a) In determining the use of
13 a monetary award received under this subchapter, a school or
14 district shall give priority to academic enhancement purposes. The
15 award may not be used for any purpose related to athletics, and it
16 may not be used to substitute for or replace funds already in the
17 regular budget for a school or district.

18 (b) The school committee established under Section 21.931
19 shall determine the use of the funds awarded to a school under this
20 subchapter. The professional staff, as that term is used in
21 Section 21.930, shall determine the use of the funds awarded to the
22 school district under this subchapter.

23 Sec. 35.085. FUNDING. The award system may be funded by
24 donations, grants, or legislative appropriations. The commissioner
25 of education may solicit and receive grants and donations for the

1 purpose of making awards under this subchapter. A small portion of
2 the award funds may be used by the commissioner of education to pay
3 for the costs associated with sponsoring a ceremony to recognize or
4 present awards to schools or districts under this subchapter. The
5 donations, grants, or legislative appropriations shall be accounted
6 for and distributed by the Central Education Agency. The awards
7 are subject to audit requirements established by the State Board of
8 Education.

9 Sec. 35.086. CONFIDENTIALITY. All information and reports
10 received by the commissioner of education under this subchapter
11 from schools or school districts deemed confidential under the open
12 records law, Chapter 424, Acts of the 63rd Legislature, Regular
13 Session, 1973 (Article 6252-17a, Vernon's Texas Civil Statutes),
14 are confidential and may not be disclosed in any public or private
15 proceeding.

16 SUBCHAPTER F. ADDITIONAL REWARDS

17 Sec. 35.101. RECOGNITION AND REWARDS. The State Board of
18 Education shall develop a plan for recognizing and rewarding school
19 districts and campuses that are rated as exemplary or recognized
20 and for developing a network for sharing proven successful
21 practices statewide and regionally.

22 Sec. 35.102. EXCELLENCE EXEMPTIONS. (a) Except as provided
23 by Subsection (b), a school campus or district that is rated
24 exemplary is exempt from requirements and prohibitions imposed
25 under this code including rules adopted under this code.

(b) A school campus or district is not exempt under this section from a prohibition on conduct that constitutes a criminal offense. A school campus or district is not exempt under this section from requirements imposed by federal law or rule including requirements for special education or bilingual education programs. Except as provided by Subsection (d), a school campus or district is not exempt under this section from a requirement or prohibition imposed by state law or rule relating to:

(1) curriculum essential elements, excluding the methodology used by a teacher and the time spent by a teacher or a student on a particular task or subject;

(2) restrictions on extracurricular activities;

(3) health and safety;

(4) competitive bidding;

(5) textbook selection;

(6) elementary school class size limits;

(7) removal of a disruptive student from the classroom;

(8) suspension or expulsion of a student;

(9) at-risk programs;

(10) prekindergarten programs;

(11) minimum graduation requirements; or

(12) educational employee and educational support employee rights and benefits. In this section, "educational support employee" means a full-time or part-time school employee

1 not defined as a "teacher" by Section 21.201(1).

2 (c) The Central Education Agency shall monitor and evaluate
3 deregulation of a school campus or district under this section and
4 Section 11.273 and report annually on the effect of deregulation on
5 student achievement to the State Board of Education, the
6 Legislative Education Board, the governor, the lieutenant governor,
7 the speaker of the house of representatives, and the legislature.
8 The report must include a list of the exemptions utilized and a
9 review of the effectiveness of the waivers and exemptions programs.

10 (d) The commissioner of education may exempt an exemplary
11 school campus from elementary class size limits under this section
12 if the school campus submits to the commissioner a written plan
13 showing steps that will be taken to ensure that the exemption from
14 the class size limits will not be harmful to the academic
15 achievement of the students on the school campus. The commissioner
16 shall review achievement levels annually. The exemption remains in
17 effect until the commissioner determines that achievement levels of
18 the campus have declined.

19 SUBCHAPTER G. ACCREDITATION SANCTIONS

20 Sec. 35.121. SANCTIONS. (a) If a district does not satisfy
21 the accreditation criteria, the commissioner of education shall
22 take any of the following actions, listed in order of severity, to
23 the extent the commissioner determines necessary:

24 (1) issue public notice of the deficiency to the board
25 of trustees;

1 (2) order a hearing conducted by the board of trustees
2 of the district for the purpose of notifying the public of the
3 unacceptable performance, the improvements in performance expected
4 by the Central Education Agency, and the sanctions that may be
5 imposed under this section if the performance does not improve;

6 (3) order the preparation of a student achievement
7 improvement plan that addresses each academic excellence indicator
8 for which the district's performance is unacceptable, the
9 submission of the plan to the commissioner of education for
10 approval, and implementation of the plan;

11 (4) order a hearing to be held before the commissioner
12 of education or the commissioner's designee at which the president
13 of the board of trustees of the district and the superintendent
14 shall appear and explain the district's low performance, lack of
15 improvement, and plans for improvement;

16 (5) arrange an on-site investigation of the district;

17 (6) appoint an agency monitor to participate in and
18 report to the agency on the activities of the board of trustees or
19 the superintendent;

20 (7) appoint a master to oversee the operations of the
21 district;

22 (8) appoint a management team to direct the operations
23 of the district in areas of unacceptable performance;

24 (9) if a district has been rated as accredited warned
25 for a period of one year or more, appoint a board of managers

1 composed of residents of the district to exercise the powers and
2 duties of the board of trustees; or

3 (10) if a district has been rated as accredited warned
4 for a period of two years or more, annex the district to one or
5 more adjoining districts under Section 19.027.

6 (b) If a campus performance is below any standard under
7 Section 35.063(b), the campus is considered a low-performing campus
8 and the commissioner of education may take any of the following
9 actions, listed in order of severity, to the extent the
10 commissioner determines necessary:

11 (1) issue public notice of the deficiency to the board
12 of trustees;

13 (2) order a hearing conducted by the board of trustees
14 at the campus for the purpose of notifying the public of the
15 unacceptable performance, the improvements in performance expected
16 by the Central Education Agency, and the sanctions that may be
17 imposed under this section if the performance does not improve
18 within a designated period of time and of soliciting public comment
19 on the initial steps being taken to improve performance;

20 (3) order the preparation of a student achievement
21 improvement plan that addresses each academic excellence indicator
22 for which the campus's performance is unacceptable, the submission
23 of the plan to the commissioner of education for approval, and
24 implementation of the plan;

25 (4) order a hearing to be held before the commissioner

1 of education or the commissioner's designee at which the president
2 of the board of trustees, the superintendent, and the campus
3 principal shall appear and explain the campus's low performance,
4 lack of improvement, and plans for improvement;

5 (5) appoint a special campus intervention team to:

6 (A) conduct a comprehensive on-site evaluation
7 of each low-performing campus to determine the cause for the
8 campus's low performance and lack of progress;

9 (B) recommend actions, including reallocation of
10 resources and technical assistance, changes in school procedures or
11 operations, staff development for instructional and administrative
12 staff, intervention for individual administrators or teachers,
13 waivers from state statute or rule, or other actions the team
14 considers appropriate;

15 (C) assist in the development of a campus plan
16 for student achievement; and

17 (D) assist the commissioner of education in
18 monitoring the progress of the campus in implementing the campus
19 plan for improvement of student achievement;

20 (6) if a campus has been a low-performing campus for a
21 period of one year or more, appoint a board of managers composed of
22 residents of the district to exercise the powers and duties of the
23 board of trustees of the district in relation to the campus; or

24 (7) if a campus has been a low-performing campus for a
25 period of two years or more, order closure of the school program on

1 the campus.

2 (c) The commissioner of education shall review annually the
3 performance of a district or campus subject to this section to
4 determine the appropriate actions to be implemented under this
5 section. The commissioner must review at least annually the
6 performance of a district for which the accreditation rating has
7 been lowered due to unacceptable student performance and may not
8 raise the rating until the district has demonstrated improved
9 student performance. If the review reveals a lack of improvement,
10 the commissioner shall increase the level of state intervention and
11 sanction unless the commissioner finds good cause for maintaining
12 the current status. At the beginning of the 1993-1994 school year,
13 the Central Education Agency shall rate any district with clearly
14 unacceptable performance as accredited warned and the commissioner
15 of education shall begin appropriate intervention in the district.
16 The commissioner of education shall report annually to the
17 governor, lieutenant governor, and the speaker of the house of
18 representatives on districts or campuses subject to this section
19 the actions taken by the commissioner to improve student
20 performance and the results of those actions.

21 (d) The costs of providing a monitor, master, management
22 team, or special campus intervention team shall be paid by the
23 district.

24 (e) A master or management team appointed to oversee the
25 operations of the district shall prepare a plan for the

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1 implementation of action under Subsection (a)(9) or (10) and may:

2 (1) direct an action to be taken by the principal of a
3 campus, the superintendent of the district, or the board of
4 trustees of the district; or

5 (2) approve or disapprove any action of the principal
6 of a campus, the superintendent of the district, or the board of
7 trustees of the district.

8 (f) A special campus intervention team appointed under this
9 section may consist of teachers, principals, other educational
10 professionals, and superintendents recognized for excellence in
11 their roles and appointed by the commissioner of education to serve
12 as members of a team.

13 (g) If the commissioner of education appoints a board of
14 managers to govern a district, the powers of the board of trustees
15 of the district are suspended for the period of the appointment and
16 the commissioner shall appoint a district superintendent.
17 Notwithstanding any other provision of this code, the board of
18 managers may amend the budget of the district.

19 (h) If the commissioner of education appoints a board of
20 managers to govern a campus, the powers of the board of trustees of
21 the district in relation to the campus are suspended for the period
22 of the appointment and the commissioner shall appoint a campus
23 principal. Notwithstanding any other provision of this code, the
24 board of managers may submit to the commissioner for approval
25 amendments to the budget of the district for the benefit of the

1 campus. If the commissioner approves the amendments, the board of
2 trustees of the district shall adopt the amendments.

3 SECTION 7.02. Section 11.273, Education Code, is amended by
4 amending Subsection (e) and adding Subsection (h) to read as
5 follows:

6 (e) A school campus or district may not receive an exemption
7 or waiver under this section from requirements imposed by federal
8 law or rule, including requirements for special education or
9 bilingual education programs. Except as provided by Subsection
10 (h), a [A] school campus or district may not receive an exemption
11 or waiver under this section from a requirement or prohibition
12 imposed by state law or rule relating to:

13 (1) curriculum essential elements, excluding the
14 methodology used by a teacher and the time spent by a teacher or a
15 student on a particular task or subject;

16 (2) restrictions on extracurricular activities;

17 (3) health and safety;

18 (4) competitive bidding;

19 (5) elementary school class size limits, except as
20 provided by Section 16.054;

21 (6) minimum graduation requirements;

22 (7) removal of a disruptive student from the
23 classroom;

24 (8) suspension or expulsion of a student;

25 (9) at risk programs;

1 (10) prekindergarten programs;
2 (11) educational employee and educational support
3 employee rights and benefits. In this section, "educational
4 support employee" means a full-time or part-time school employee
5 not defined as a "teacher" by Section 21.201(1) of this code; or
6 (12) special education or bilingual education
7 programs.

8 (h) The commissioner of education may grant to a school
9 district or campus that is required to develop and implement a
10 student achievement improvement plan under Section 35.121 an
11 exemption or waiver from any law or rule other than a prohibition
12 on conduct that constitutes a criminal offense or a requirement
13 imposed by federal law or rule. A school campus or district may
14 not receive an exemption or waiver under this section from a
15 requirement or prohibition imposed by state law or rule relating to
16 educational employee and educational support employee rights and
17 benefits. In this section, "educational support employee" means a
18 full-time or part-time school employee not defined as a "teacher"
19 by Section 21.201(1).

20 SECTION 7.03. Section 11.62, Education Code, is amended to
21 read as follows:

22 Sec. 11.62. ORGANIZATION AND REGULATIONS. (a) The State
23 Department of Education shall be organized into divisions and
24 subdivisions established by the commissioner of education [~~subject~~
25 ~~to-the-approval-of-the-State-Board-of-Education~~].

(b) Directors of the major divisions of the State Department of Education, and all of its other employees, shall be appointed by the commissioner of education [~~pursuant--to--general--rules-and regulations-adopted-by-the-State-Board-of-Education~~].

(c) The rules and regulations pertaining to personnel administration shall include a comprehensive classification plan, including an appropriate title for each position, a description of duties and responsibilities, and the minimum requirements of training, experience, and other qualifications essential for adequate performance of the work. These rules and regulations shall likewise provide [~~tenure-safeguards~~7] leave and retirement provisions[7] and establish hearing procedures.

SECTION 7.04. Section 13.351, Education Code, is amended by adding Subsection (c) to read as follows:

(c) The duties of the superintendent include:

(1) assuming administrative responsibility and leadership for the planning, operation, supervision, and evaluation of the education programs, services, and facilities of the district and for the annual performance appraisal of the district's staff;

(2) assuming administrative authority and responsibility for the assignment and evaluation of all personnel of the district other than the superintendent and making recommendations regarding the selection, promotion, and dismissal of such personnel, except as provided by Section 13.352 of this code;

1 (3) managing the day-to-day operations of the district
2 as its chief executive officer;

3 (4) as directed by local board policy, causing to be
4 prepared a budget covering all estimated revenue and proposed
5 expenditures of the district for the next succeeding fiscal year,
6 according to generally accepted accounting principles, rules
7 adopted by the State Board of Education, and adopted policies of
8 the board of trustees;

9 (5) preparing recommendations for policies to be
10 adopted by the board of trustees and overseeing the implementation
11 of adopted policies;

12 (6) developing or causing to be developed appropriate
13 administrative regulations to implement policies established by the
14 board of trustees;

15 (7) providing leadership for the attainment of student
16 performance in the district based on the indicators adopted under
17 Section 35.041 and other indicators as may be adopted by the State
18 Board of Education or the district's board of trustees; and

19 (8) performing any other duties assigned by action of
20 the board of trustees.

21 SECTION 7.05. Subsections (a), (b), and (d), Section 19.027,
22 Education Code, are amended to read as follows:

23 (a) The commissioner of education by order may annex to one
24 or more adjoining districts a school district that has been rated
25 as accredited warned [~~academically-unaccredited~~] for a period of

1 two years.

2 (b) The governing board of a district to which territory of
3 an accredited warned [~~academically--unaccredited~~] district is
4 annexed is the governing board for the new district.

5 (d) Title to the real property of the accredited warned
6 [~~academically-unaccredited~~] district vests in the district to which
7 the property is annexed. Each district to which territory is
8 annexed assumes and is liable for any portion of the accredited
9 warned [~~academically-unaccredited~~] district's indebtedness that is
10 allocated to the receiving district under Section 19.004 of this
11 code.

12 SECTION 7.06. Subsection (f), Section 21.557, Education
13 Code, is amended to read as follows:

14 (f) For the purposes of this section, "student at risk of
15 dropping out of school" includes:

16 (1) each student in grade levels seven through 12 who
17 is under 21 years of age and who:

18 (A) was not advanced from one grade level to the
19 next two or more school years;

20 (B) has mathematics or reading skills that are
21 two or more years below grade level;

22 (C) did not maintain an average equivalent to 70
23 on a scale of 100 in two or more courses during a semester, or is
24 not maintaining such an average in two or more courses in the
25 current semester, and is not expected to graduate within four years

1 of the date the student begins ninth grade; or

2 (D) did not perform satisfactorily on an
3 assessment instrument administered under Subchapter B, Chapter 35
4 [~~this-subchapter-in-the-seventh-ninth-or-twelfth-grade~~];

5 (2) each student in prekindergarten through grade
6 level six who:

7 (A) did not perform satisfactorily on a
8 readiness test or assessment instrument administered at the
9 beginning of the school year;

10 (B) did not perform satisfactorily on an
11 assessment instrument administered under Subchapter B, Chapter 35
12 [~~this-subchapter-in-the-third-or-fifth-grade~~];

13 (C) is a student of limited English proficiency,
14 as defined by Section 21.452 of this code;

15 (D) is sexually, physically, or psychologically
16 abused;

17 (E) engages in conduct described by Section
18 51.03(a), Family Code; or

19 (F) is otherwise identified as at risk under
20 rules adopted by the State Board of Education; and

21 (3) each nonhandicapped student who resides in a
22 residential placement facility in a district in which the student's
23 parent or legal guardian does not reside, including a detention
24 facility, substance abuse treatment facility, emergency shelter,
25 psychiatric hospital, halfway house, or foster family group home.

1 SECTION 7.07. Section 21.930, Education Code, is amended by
2 adding Subsection (h) to read as follows:

3 (h) The professional staff elected under this section shall
4 hold at least one public meeting per year. The required meeting
5 shall be held after receipt of the annual district performance
6 report from the Central Education Agency for the purpose of
7 discussing the performance of the district and the district
8 performance objectives.

9 SECTION 7.08. Section 21.931, Education Code, is amended by
10 adding Subsection (g) to read as follows:

11 (g) Each school committee shall hold at least one public
12 meeting per year. The required meeting shall be held after receipt
13 of the annual campus rating from the Central Education Agency for
14 the purpose of discussing the performance of the campus and the
15 campus performance objectives.

16 SECTION 7.09. Subsection (a), Section 23.33, Education Code,
17 is amended to read as follows:

18 (a) The State Board of Education shall adopt statewide
19 standards for the duties of a school board member as criteria for
20 board member training [~~appoint--an-advisory-committee-to-develop~~
21 ~~statewide-standards-on-the-duties-of-a-school--board--member.---The~~
22 ~~committee-shall-consist-of-at-least-15-persons-knowledgeable-in-the~~
23 ~~management--of--the--public--schools-of-the-state,--and-no-less-than~~
24 ~~five--members--of--the--committee--shall--consist--of---individuals~~
25 ~~currently-serving-as-locally-elected-school-board-members~~].

1 SECTION 7.10. The Educational Economic Policy Center,
2 established under Section 34.051, Education Code, shall monitor and
3 evaluate the implementation of the accountability system set forth
4 in this Act and provide annual progress reports to the governor,
5 the Legislative Education Board, and the commissioner of education.

6 SECTION 7.11. (a) The Select Committee to Conduct a
7 Comprehensive Review of the Central Education Agency and efficient
8 use of educational resources in the state is established.

9 (b) The committee is composed of:

10 (1) the chairs of the Senate Education Committee and
11 the House Public Education Committee;

12 (2) two members of the senate, appointed by the
13 lieutenant governor;

14 (3) two members of the house of representatives,
15 appointed by the speaker of the house of representatives;

16 (4) one teacher, one principal, and one school
17 district superintendent, appointed jointly by the lieutenant
18 governor and the speaker of the house of representatives; and

19 (5) four representatives of businesses and
20 communities, at least two of whom have one or more children
21 attending the public schools, appointed jointly by the lieutenant
22 governor and the speaker of the house of representatives.

23 (c) The chairs of the Senate Education Committee and the
24 House Public Education Committee serve as co-chairs of the
25 committee.

1 (d) The committee shall conduct an in-depth and
2 comprehensive review of the mission, organization, size, and
3 effectiveness of the Central Education Agency. In conducting its
4 review, the committee shall study the mission, organizational
5 structure, and practices of similar agencies in other states. The
6 review must include:

7 (1) a study of the agency's success in addressing
8 national education goals adopted by the president of the United
9 States and the nation's 50 governors and the goals for public
10 education provided by Section 35.001, Education Code, as added by
11 this Act;

12 (2) a study of the agency's organizational mission,
13 structure, size, and effectiveness;

14 (3) a study of the number and effectiveness of
15 committees created under the auspices of the agency or the State
16 Board of Education;

17 (4) identification of those functions that should be
18 performed by the state and those that should be performed
19 regionally through regional service centers;

20 (5) a study of the adequacy, validity, and timeliness
21 of data collected and published by the Public Education Information
22 Management System (PEIMS) as provided by Section 16.007, Education
23 Code;

24 (6) a study of the adequacy and effectiveness of
25 programs designed for special populations of students and for

1 teacher and administrator staff development;

2 (7) a study of the adequacy and effectiveness of
3 assistance provided the site-based management teams established
4 under Section 21.931, Education Code; and

5 (8) a study of the efficient use of state resources,
6 school district structure, and opportunities for shared cost in
7 order to determine the best management and use of state resources
8 and to assist school districts in determining optimum educational
9 opportunities.

10 (e) The commissioner of education shall ensure that the
11 committee has access to any documentation and agency personnel the
12 committee requests.

13 (f) Meetings of the committee shall be held at the call of
14 the co-chairs.

15 (g) A majority of the members of the committee constitutes a
16 quorum.

17 (h) Not later than December 1, 1994, the committee shall
18 issue a report stating the findings of its review under Subsection
19 (d) of this section, including any recommendations for statutory
20 changes. The report must be approved by a majority of the
21 membership of the committee. Any dissenting member may attach a
22 statement to the report.

23 (i) Staff members of the Senate Education Committee and the
24 House Public Education Committee shall serve as the staff of the
25 committee.

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1 (j) The Legislative Budget Board, comptroller, state
2 auditor, and other state agencies, officials, and personnel shall
3 cooperate with the committee in carrying out its duties under this
4 section.

5 (k) Each member of the committee is entitled to
6 reimbursement for actual and necessary expenses incurred in
7 performing committee duties. Each legislative member is entitled
8 to reimbursement from the appropriate fund of the member's
9 respective house. Each public member is entitled to reimbursement
10 from funds appropriated to the committee.

11 (l) The committee may coordinate its study with any other
12 legislative study.

13 (m) The committee expires January 10, 1995.

14 SECTION 7.12. The following provisions of the Education Code
15 are repealed:

16 (1) Sections 2.01, 11.272, 21.258, 21.551 through
17 21.556, 21.558 through 21.561, 21.751 through 21.7531, and 21.754
18 through 21.758; and

19 (2) Subchapter A, Chapter 34.

20 SECTION 7.13. Section 21.9211, Education Code, is amended by
21 amending Subsection (e) and adding Subsections (g) and (h) to read
22 as follows:

23 (e) The advisory council shall review the rules of the
24 University Interscholastic League and shall make recommendations
25 relating to the rules to the governor, the legislature, the

1 Legislative Council of the University Interscholastic League, and
2 [to] the State Board of Education. The advisory council shall
3 submit its initial report not later than January 1, 1995 [September
4 ~~17-1990~~].

5 (g) The advisory council shall study:

6 (1) University Interscholastic League policy with
7 respect to the eligibility of students to participate in programs;

8 (2) geographic distribution of University
9 Interscholastic League resources and programs; and

10 (3) gender equity.

11 (h) No actions of the University Interscholastic League
12 relating to the provision of additional programs of school
13 districts shall be taken pending submission of a final report by
14 the advisory council.

15 SECTION 7.14. This article takes effect immediately and
16 applies beginning with the 1993-1994 school year.

17 ARTICLE 8

18 SECTION 8.01. Subchapter Z, Chapter 21, Education Code, is
19 amended by adding Section 21.938 to read as follows:

20 Sec. 21.938. DISTRICT AND CAMPUS PLANNING PROCESS. (a) The
21 board of trustees of each school district shall develop a district
22 and campus planning process, utilizing the procedures established
23 in Sections 35.041, 21.930, and 21.931, under which the board shall
24 adopt a report detailing a plan for the district and plans for each
25 campus.

1 (b) Each district's report shall include a current analysis
2 of student performance based on the academic excellence indicators
3 adopted under Section 35.041, campus performance objectives
4 established under Section 21.7532, and other measures of student
5 performance the board determines and shall include provisions for:

6 (1) addressing the needs of district students for
7 special programs, such as suicide prevention or dyslexia treatment
8 programs;

9 (2) requiring the principal of each campus, with the
10 assistance of parents and guardians of the school's students, other
11 adults in the attendance area, and the professional staff of the
12 school, to establish a campus plan consistent with Sections 21.7532
13 and 21.931;

14 (3) dropout reduction;

15 (4) integration of technology in instructional and
16 administrative programs;

17 (5) discipline management;

18 (6) staff development for professional staff of the
19 district;

20 (7) career education to assist students in developing
21 the knowledge, skills, and competencies necessary for a broad range
22 of career opportunities;

23 (8) compensatory and remedial education as required by
24 Section 21.557; and

25 (9) other information the board considers useful.

1 (c) In the district and campus plan or in another manner
2 permitted by federal law, the board shall address any federal
3 planning requirements.

4 (d) A district report is not filed with the Central
5 Education Agency, but the district must make the report available
6 to the agency on request.

7 SECTION 8.02. Subsection (f), Section 12.65, Education Code,
8 is amended to read as follows:

9 (f) Covers of all books shall be removed before reissue, and
10 the pupils to whom the books are issued shall replace the covers
11 [~~under-direction-of-the-teacher~~].

12 SECTION 8.03. Subsection (a), Section 12.67, Education Code,
13 is amended to read as follows:

14 (a) If a school district employee enters into a business
15 relationship, employment contract, or other transaction with a
16 textbook publisher doing business, or with the potential of doing
17 business, with the state or a school district in the state and the
18 transaction directly or indirectly results in remuneration to the
19 employee, the transaction must be registered with the
20 superintendent of the school district [~~and-with-the-commissioner-of~~
21 ~~education~~].

22 SECTION 8.04. Section 21.601, Education Code, is amended to
23 read as follows:

24 Sec. 21.601. ESTABLISHMENT. [~~†a†~~] Each school district may
25 establish a school-community guidance center designed to locate and

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1 assist children with problems which interfere with their education,
 2 including but not limited to juvenile offenders and children with
 3 severe behavioral problems or character disorders. The centers
 4 shall coordinate the efforts of school district personnel, local
 5 police departments, truant officers, and probation officers in
 6 working with students, dropouts, and parents in identifying and
 7 correcting factors which adversely affect the education of the
 8 children.

9 ~~[(b)--With-the-approval-of--the--commissioner--of--education,~~
 10 ~~school--districts--with--an--average--daily-attendance-of-less-than~~
 11 ~~6,000-students-may-cooperate-with-other-districts-for--the--purpose~~
 12 ~~of-establishing-a-common-center.]~~

13 SECTION 8.05. Section 21.701, Education Code, is amended to
 14 read as follows:

15 Sec. 21.701. ADOPTION AND APPROVAL OF PROGRAMS. Each school
 16 district shall adopt and implement a discipline management program
 17 to be included in the district plan under Section 21.938. ~~[Before~~
 18 ~~implementation, the-proposed--program--must--be--submitted--to--the~~
 19 ~~Central--Education-Agency, which-shall-review-and-approve-or-reject~~
 20 ~~the-program.]~~

21 SECTION 8.06. Section 21.702, Education Code, is amended to
 22 read as follows:

23 Sec. 21.702. CONTENT OF APPROVED PROGRAMS. A ~~[To--be~~
 24 ~~approved, a]~~ discipline management program must:

25 (1) encourage the commitment, cooperation, and

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involvement of school district administrators, teachers, parents, and students in the development of the program;

(2) encourage the use of the regional education service center to assist in developing the program and providing training to teachers and administrators;

(3) require the designation of a person in each school with special training in discipline management to implement and assess the program in that school and to identify and refer appropriate students to school-community guidance programs;

(4) require the development of a student code of conduct that clearly describes the district's expectations with respect to student conduct, including provisions similar to the Attorney General's Proposed Voluntary Student Code of Conduct of 1980, and specifies the consequences of violating the code;

(5) specifically outline the responsibilities of teachers, administrators, parents, and students in the discipline management program; and

(6) make parental involvement an integral part of the discipline management program, requiring:

(A) one or more conferences during each school year between a teacher and the parents of a student if the student is not maintaining passing grades or achieving the expected level of performance or presents some other problem to the teacher or in any other case the teacher considers necessary;

(B) parent training workshops for home

reinforcement of study skills and specific curriculum objectives conducted for parents who want to participate and based on interest indicated by parents in the community; and

(C) a written statement signed by each parent that the parent understands and consents to the responsibilities outlined in the discipline management program.

SECTION 8.07. Section 21.926, Education Code, is amended to read as follows:

Sec. 21.926. INFORMATION TO BE POSTED. (a) For the benefit of parents of school age children, each school in a district shall post in a conspicuous location in the main administration building accessible to the general public{

{1}--a map of the school's attendance area; and

{2}--a notice that includes:

{A}--the aggregate results by grade level for the state and for each campus in the district of assessment instruments administered under Section 21.551 of this code for each of the preceding three school years and, for each high school, the aggregate results by grade level of the most recent administration of any norm-referenced assessment instrument, including the Scholastic Aptitude Test and American College Testing Program assessment instruments;

{B}--the total enrollment at each campus in the district for each of the four most recent school years;

{C}--the ratio of classroom teachers to students

1 ~~at each campus in the district;~~

2 ~~[(B)] a statement that copies of the notice and~~
3 ~~of a map of the school's attendance area are available in the~~
4 ~~school's main office; and~~

5 ~~[(E)] a statement that the district's annual~~
6 ~~performance report is available in the school library.~~

7 (b) ~~[(The assessment instrument results posted under~~
8 ~~Subsection (a)(2)(A) of this section must be presented in the form~~
9 ~~of appropriate, nontechnical interpretations in terms~~
10 ~~understandable to the general public.]~~

11 ~~[(c)] The board of trustees of the district may prescribe the~~
12 ~~format of the notice required by Subsection (a)(2) of this section.~~

13 ~~[(d)] Each school shall have available in its main office~~
14 ~~copies of:~~

15 (1) the notice [and map] required to be posted under
16 Subsection (a) of this section; and

17 (2) a map of the school's attendance area.

18 (c) ~~[(e)]~~ Each school shall have available in its library a
19 copy of:

20 (1) the annual performance report for the district
21 required by Section 21.258 of this code; and

22 (2) the district and campus plan required by Section
23 21.938.

24 ~~[(f)] Each district shall have available in its~~
25 ~~administration building the information required to be posted by~~

1 ~~Subsection (a) of this section for each school in the district.]~~

2 SECTION 8.08. The following sections of the Education Code
3 are repealed: 11.2051, 12.67(c), 14.065, 21.034, 21.1111(d),
4 21.253, 21.301(o), 21.557(d), 21.654, and 21.909(d).

5 SECTION 8.09. Subsection (c), Section 13.037, Education
6 Code, is amended to read as follows:

7 (c) The Central Education Agency shall collect and maintain
8 ~~[teacher--performance--data--from--each--district's--implementation--of~~
9 ~~the--statewide--appraisal--system--and--shall--collect--and--maintain]~~ data
10 from state-mandated tests required for entry to and exit from
11 teacher education programs. The Central Education Agency shall
12 provide probationary teacher performance data on a regular basis to
13 the respective institutions of higher education and to the Texas
14 Higher Education Coordinating Board~~[7--Texas--College--and--University~~
15 System].

16 SECTION 8.10. Section 13.103, Education Code, is amended to
17 read as follows:

18 Sec. 13.103. PROBATIONARY CONTRACT: TERMINATION. The board
19 of trustees of any school district may terminate the employment of
20 any teacher holding a probationary contract at the end of the
21 contract period, if in their judgment the best interests of the
22 school district will be served thereby; provided, that notice of
23 intention to terminate the employment shall be given by the board
24 of trustees to the teacher not later than the 60th day before the
25 last day of instruction required ~~[on-or-before-April-17--preceding~~

~~the-end-of-the-employment-term-fixed]~~ in the contract. In event of failure to give such notice of intention to terminate within the time above specified, the board of trustees shall thereby elect to employ such probationary teacher in the same capacity, and under probationary contract status for the succeeding school year if the teacher has been employed by such district for less than three successive school years, or in a continuing contract position if such teacher has been employed during three consecutive school years.

SECTION 8.11. The heading to Subchapter E, Chapter 13, Education Code, is amended to read as follows:

SUBCHAPTER E. TEACHER APPRAISAL ~~[CAREER-LADDER]~~

SECTION 8.12. Subsections (a), (c), and (f), Section 13.302, Education Code, are amended to read as follows:

(a) The State Board of Education shall adopt an appraisal process and criteria on which to appraise the performance of teachers ~~[for--career--ladder--level--assignment--purposes]~~. The criteria must be based on observable, job-related behavior, including teachers' implementation of discipline management procedures.

(c) An ~~[in-developing-the-appraisal-process, the-board-shall provide-for-using-not-fewer-than-two-appraisers-for-each-appraisal-~~ One] appraiser must be the teacher's supervisor or ~~[and-one-must be]~~ a person ~~[as]~~ approved by the board of trustees. An appraiser who is a classroom teacher may not appraise the performance of

another classroom teacher who teaches at the same school campus at which the appraiser teaches, unless it is impractical because of the number of campuses or unless the appraiser is the chairman of a department or grade level whose job description includes classroom observation responsibilities. [~~In a district that uses not more than two appraisers per appraisal, the board shall provide for an appraisal by a third appraiser from another campus if the difference between the appraisals is such that the teacher's performance cannot be accurately evaluated.~~] The board also shall provide for a uniform training program and uniform certification standards for appraisers to be used throughout the state. The board shall include teacher self-appraisal in the process.

(f) Appraisal for teachers must be detailed by category of professional skill and characteristic and must provide for separate ratings per category. The appraisal process shall guarantee a conference between the teacher and the appraiser. The [~~appraisers, and the~~] conference shall be diagnostic and prescriptive with regard to remediation [~~as~~] needed in overall [~~summary of~~] performance and by category [~~and identify the required performance for advancement to the next level~~].

SECTION 8.13. Section 13.303, Education Code, is amended by amending Subsections (a) and (c) and adding Subsection (d) to read as follows:

(a) In appraising teachers, each [~~Each~~] school district shall use:

(1) the appraisal process and performance criteria developed by the board; or

(2) an appraisal process and performance criteria developed by the school district utilizing the procedures established in Sections 21.930 and 21.931 and approved by the commissioner of education [in-appraising-teachers-for-career-ladder level-assignment-purposes].

(c) Appraisal shall be done at least [not-fewer-than: [1]--two---times---during---each---school---year---for probationary--teachers--and-for-teachers-on-level-one-of-the-career ladder;--and

[2]] once during each school year. The district shall maintain a written copy of the evaluation of each teacher's performance in the teacher's personnel file. Each teacher is entitled to receive a written copy of the evaluation. After receiving a written copy of the evaluation, a teacher is entitled to a second appraisal by a different appraiser or to submit a written rebuttal to the evaluation to be attached to the evaluation in the teacher's personnel file. The evaluation and any rebuttal may be given to another school district at which the teacher has applied for employment at the request of that district [for teachers--on-levels-two,three-and-four-of-the-career-ladder-whose performance--on--the--most--recent--appraisal--was--evaluated--as exceeding-expectations-or-clearly-outstanding--The-performance--of a--teacher-who--because-of-unusual-circumstances--is-appraised-only

1 ~~once-in-a-particular-year-shall--be--evaluated--for--career--ladder~~
2 ~~purposes-on-the-basis-of-a-single-appraisal].~~

3 (d) A teacher may be given advance notice of the date or
4 time of an appraisal.

5 SECTION 8.14. Section 13.304, Education Code, is amended to
6 read as follows:

7 Sec. 13.304. PERFORMANCE CATEGORIES. In appraisals of
8 teacher performance [~~for-career-ladder-level-assignment--purposes~~],
9 performance [~~shall--be--evaluated-in-the-same-manner-and-under-the~~
10 ~~same-criteria-regardless-of-level--Performance~~] shall be evaluated
11 as:

12 (1) unsatisfactory (if the teacher's performance is
13 clearly not acceptable in some major area);

14 (2) below expectations (if the teacher's performance
15 needs improvement in some major areas);

16 (3) satisfactory (if the teacher's performance meets
17 expectations);

18 (4) exceeding expectations (if the teacher's
19 performance excels in some major areas); or

20 (5) clearly outstanding.

21 SECTION 8.15. Subchapter B, Chapter 16, Education Code, is
22 amended by adding Section 16.058 to read as follows:

23 Sec. 16.058. SALARY OF TEACHER FORMERLY ON CAREER LADDER.

24 (a) Notwithstanding any provision to the contrary, a teacher who
25 was assigned to a career ladder level under Subchapter E, Chapter

13, on August 31, 1993, is entitled to receive for the 1993-1994 school year and each school year thereafter, as long as the teacher is employed by the same district, a minimum salary equal to the teacher's base salary plus the teacher's career ladder supplement in the 1992-1993 school year.

(b) In this section, "base salary" means the minimum salary prescribed by Sections 16.055 and 16.056 plus any amount in excess of the minimum salary that a school district pays the teacher.

SECTION 8.16. Subsection (e), Section 21.112, Education Code, is amended to read as follows:

(e) All new, additional, and continuing vocational programs shall offer competency-based instruction. Instruction must be based on the essential elements approved by the State Board of Education. ~~[A-competency--profile--must--be--maintained--for--each student-enrolled-]~~

SECTION 8.17. Subsection (a), Section 21.204, Education Code, is amended to read as follows:

(a) In the event the board of trustees receives a recommendation for nonrenewal, the board, after consideration of the written evaluations required by Section 21.202 of this subchapter and the reasons for the recommendation, shall, in its sole discretion, either reject the recommendation or shall give the teacher written notice of the proposed nonrenewal not later than the 60th day before the last day of instruction required ~~[on-or before-April-1-preceding-the-end-of-the-employment-term--fixed]~~ in

1 the contract.

2 SECTION 8.18. Subsection (b), Section 822.201, Government
3 Code, is amended to read as follows:

4 (b) "Salary and wages" as used in Subsection (a) means:

5 (1) normal periodic payments of money for service the
6 right to which accrues on a regular basis in proportion to the
7 service performed;

8 (2) [~~career-ladder-payments--of--money--authorized--by~~
9 ~~Section-16-0577-Education-Code,~~

10 [~~3~~] amounts by which the member's salary is reduced
11 under a salary reduction agreement authorized by Article 6252-3d,
12 Revised Statutes; and

13 (3) [~~4~~] amounts that would otherwise qualify as
14 salary and wages under Subdivision (1) [~~or--2~~] but are not
15 received directly by the member pursuant to a good faith, voluntary
16 written salary reduction agreement in order to finance payments to
17 a deferred compensation or tax sheltered annuity program
18 specifically authorized by state law or to finance benefit options
19 under a cafeteria plan qualifying under Section 125 of the Internal
20 Revenue Code of 1986 (26 U.S.C. Section 125), if:

21 (A) the program or benefit options are made
22 available to all employees of the employer; and

23 (B) the benefit options in the cafeteria plan
24 are limited to one or more options that provide deferred
25 compensation, group health and disability insurance, group term

1 life insurance, dependent care assistance programs, or group legal
2 services plans.

3 SECTION 8.19. Subsection (b), Section 825.405, Government
4 Code, is amended to read as follows:

5 (b) For purposes of this section, the statutory minimum
6 salary is the salary provided by Sections ~~[Section]~~ 16.056 and
7 16.058, Education Code, multiplied by the cost of education
8 adjustment applicable under Section 16.102, Education Code, to the
9 district in which the member is employed~~[7-plus-any--career--ladder~~
10 ~~supplement-under-Section-16-057,-Education-Code]~~.

11 SECTION 8.20. The following sections of the Education Code
12 are repealed: 12.61(a), 13.301, 13.305, 13.306(b), 13.307-13.317,
13 13.319-13.323, and 21.251(c).

14 SECTION 8.21. Subsections (a) and (e), Section 13.353,
15 Education Code, are amended to read as follows:

16 (a) Each school district shall offer in-service training in
17 management skills for district administrators, including principals
18 and superintendents. The program may be one ~~[programs-must-be~~
19 ~~consistent-with-standards-or-models]~~ adopted by the State Board of
20 Education or one approved by the board of trustees and shall
21 include management training in site-based decision making
22 established under Section 21.931 ~~[must-be-flexible-and-draw-from-a~~
23 ~~variety-of-offerings-both-in-and-out-of-state]~~.

24 (e) From funds appropriated for that purpose, the Central
25 Education Agency may ~~[shall]~~ allocate an amount each year for the

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1 identification, adaptation, development, and evaluation of
2 professional development programs and materials; training of
3 trainers; and technical assistance in the development of general
4 management and leadership development skills, including skills
5 necessary to implement Sections 21.7532, 21.930, and 21.931 of this
6 code. The State Board of Education may designate special projects
7 and development activities to be carried out with such funds. [The
8 manner--in-which-such-funds-are-utilized-shall-be-reported-annually
9 to-the-commissioner-of-education.]

10 SECTION 8.22. Subsection (d), Section 13.354, Education
11 Code, is amended to read as follows:

12 (d) Each school district may [~~shall~~] use the appraisal
13 process and performance criteria developed by the board in
14 evaluating the performance of an administrator.

15 SECTION 8.23. The following sections of the Education Code
16 are repealed: 12.64 and 13.354(c).

17 SECTION 8.24. Subsection (d), Section 21.165, Education
18 Code, is amended to read as follows:

19 (d) If the requisition is for the purchase of a motor
20 vehicle, bus, bus body, or bus chassis, it must be approved by
21 either the county school board when funded under law or the board
22 of trustees of a school district [~~and--by--the--commissioner--of~~
23 ~~education~~].

24 SECTION 8.25. Subsections (c) through (i), Section 21.174,
25 Education Code, are amended to read as follows:

(c)(1) Except as provided in Subsections (e) and (f)
[~~Subdivision--(4)--of-this-subsection~~], no county or local district
school board may purchase or lease or authorize the purchase or
lease after September 1, 1993 [~~1994~~], of any motor vehicle used for
transporting school children for any county or local school
district operating more than 50 such vehicles unless that vehicle
is capable of using compressed natural gas or other alternative
fuels which result in comparably lower emissions of oxides of
nitrogen, volatile organic compounds, carbon monoxide, or
particulates or any combination thereof.

(2) A county or local district school board may
acquire or be provided equipment or refueling facilities necessary
to operate such vehicles using compressed natural gas or other
alternative fuels:

(A) by purchase or lease as authorized by law;
(B) by gift or loan of the equipment or
facilities; or

(C) by gift or loan of the equipment or
facilities or other arrangement pursuant to a service contract for
the supply of compressed natural gas or other alternative fuels.

(3) If such equipment or facilities are donated,
loaned, or provided through other arrangement with the supplier of
compressed natural gas or other alternative fuels, the supplier
shall be entitled to recoup its actual cost of donating, loaning,
or providing the equipment or facilities through its fuel charges

under the supply contract.

[(4) -- The -- State -- Purchasing -- and -- General -- Services Commission -- shall -- waive -- the -- requirements -- of -- this -- section -- for -- any school -- district -- if -- the -- county -- or -- local -- district -- school -- board certifies -- to -- the -- commission -- that --

[(A) -- the -- county's -- or -- district's -- vehicles -- will -- be operating -- primarily -- in -- an -- area -- in -- which -- neither -- the -- county -- or district -- nor -- a -- supplier -- has -- or -- can -- reasonably -- be -- expected -- to establish -- a -- central -- refueling -- station -- for -- compressed -- natural -- gas -- or other -- alternative -- fuels; -- or

[(B) -- the -- county -- or -- district -- is -- unable -- to -- acquire or -- be -- provided -- equipment -- or -- refueling -- facilities -- necessary -- to operate -- vehicles -- using -- compressed -- natural -- gas -- or -- other -- alternative fuels -- pursuant -- to -- Subdivision -- (2) -- of -- this -- subsection -- at -- a -- projected cost -- that -- is -- reasonably -- expected -- to -- result -- in -- no -- greater -- net -- costs than -- the -- continued -- use -- of -- traditional -- gasoline -- or -- diesel -- fuels measured -- over -- the -- expected -- useful -- life -- of -- the -- equipment -- or facilities -- supplied --

[(5) -- Written -- notice -- of -- the -- date, -- hour, -- place, -- and subject -- of -- any -- county -- or -- local -- district -- school -- board -- meeting -- called for -- the -- purpose -- of -- considering -- certification -- under -- Subdivision -- (4) of -- this -- subsection -- shall -- be -- furnished -- to -- the -- secretary -- of -- state, who -- shall -- then -- post -- the -- notice -- on -- a -- bulletin -- board -- to -- be -- located -- in the -- main -- office -- of -- the -- secretary -- of -- state -- at -- a -- place -- convenient -- to the -- public -- and -- shall -- have -- a -- notice -- posted -- on -- a -- bulletin -- board

located at a place convenient to the public in its central administrative office. Notice of the meeting must be posted for at least 60 days preceding the scheduled time of the meeting.]

(d)(1) Any county or local district school board which operates a fleet of more than 50 motor vehicles used for transporting school children shall ensure that [achieve the following percentages of such vehicles capable of using compressed natural gas or other alternative fuels by the times specified]:

(A) not less than 50 percent of its fleet is capable of using compressed natural gas or other alternative fuel not later than the earlier of September 1, 1997, or four years from the date the fleet exceeds 50 vehicles [the percentage shall be equal to or greater than 30 percent of the number of such vehicles operated by September 17, 1994]; and

(B) not less than 90 percent of its fleet is capable of using compressed natural gas or other alternative fuel not later than September 1, 2001 [equal to or greater than 50 percent of the number of such vehicles operated by September 17, 1996].

(2) A school district may meet the fleet composition requirements by converting new or existing vehicles to alternative fuel, by replacing existing vehicle engines with alternative fuel engines, or by purchasing new alternative fuel vehicles [The Texas Air Control Board must review this alternative fuel use program by December 31, 1996, and, if the Texas Air Control Board determines

that the program has been effective in reducing total annual emissions from vehicles in the area, county and local district school boards operating fleets of more than 50 motor vehicles used for transporting school children shall achieve a percentage of such vehicles capable of using compressed natural gas or other alternative fuels equal to or greater than 90 percent of the number of fleet vehicles operated by September 1, 1998 and thereafter].

(3) School districts that achieve a fleet composition of 30 percent or more alternative fuel vehicles by September 1, 1994, have priority to receive appropriated or other funds available for the purpose of fleet conversion to alternative fuel [County and local district school boards shall submit to the Central Education Agency annual reports summarizing their progress in achieving these percentage requirements and increasing use of compressed natural gas or other alternative fuels, and the Central Education Agency shall submit the summaries to the Texas Air Control Board by September 1 of each year.

[(4) County and local district school boards, the Central Education Agency, and the State Purchasing and General Services Commission shall support the Texas Air Control Board in collecting reasonable information needed to determine air quality benefits from use of alternative fuels in affected districts].

(e)(1) The requirements of Subsections (c) and (d) do not apply to any school district if the county or local district school board acts in accordance with Paragraph (A), (B), or (C).

1 (A) The requirements do not apply if the county
2 or local district school board solicits, but does not receive, any
3 bids for service contracts for the supply of compressed natural gas
4 or other alternative fuels that are at or below the net projected
5 costs of continued use of traditional gasoline or diesel fuels
6 measured over the expected useful life of the equipment or
7 facilities supplied. The bid solicitation provision does not
8 require any board to solicit a bid for service contracts more than
9 once during any fiscal year.

10 (B) The requirements do not apply if the county
11 or local district school board solicits, but does not receive, any
12 bids for conversion of engines or vehicles or replacement of
13 engines or vehicles to compressed natural gas or other alternative
14 fuels that are at or below the net projected costs of continued use
15 of traditional gasoline or diesel fuels measured over the expected
16 useful life of the engine or vehicle.

17 (C) The requirements do not apply if the county
18 or local district school board solicits, but does not receive, any
19 bids for a contract that provides for conversion or replacement, or
20 both, of engines or vehicles, or both, to compressed natural gas or
21 other alternative fuel and for the supply of compressed natural gas
22 or other alternative fuels that is at or below the net projected
23 costs of continued use of traditional gasoline or diesel fuels
24 measured over the expected useful life of the equipment,
25 facilities, vehicles, and engines. The bid solicitation provision

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1 does not require a board to solicit such a bid more than once
2 during any three-year period.

3 (2) A person making a bid or submitting a proposal in
4 response to a solicitation made in compliance with this subsection
5 has the burden to provide the school board the information on total
6 cost-effectiveness of the bid, including, if applicable, the cost
7 of new warranties for vehicle or engine conversion and insurance
8 costs.

9 (3) In determining total cost-effectiveness under this
10 subsection, a board may consider both the short-term and long-term
11 costs to the district and other objective factors that may affect
12 the capacity of the district to use compressed natural gas or other
13 alternative fuels. The board shall consider availability of state
14 and federal funds for conversion and replacement purposes [County
15 and-local-district-school-boards,-the-Central-Education-Agency,-and
16 the--State--Purchasing--and--General--Services--Commission--in--the
17 development-of-the-compressed-natural-gas-or-other-alternative-fuel
18 use-program-should-work--with--district--fleet--operators,-vehicle
19 manufacturers--and--converters,-fuel--distributors,-and-others-to
20 delineate-the-vehicles-to-be--covered,-taking--into--consideration
21 range,-specialty-uses,-fuel-availability,-vehicle-manufacturing-and
22 conversion--capability,-safety,-resale-values,-and-other-relevant
23 factors,-Districts-may-also-meet-the--percentage--requirements--of
24 this--section--through--the--conversion--of--existing--vehicles,-in
25 accordance-with--federal--and--state--requirements--and--applicable

1 safety-laws, to use the alternative fuels].

2 (f) The requirements of Subsections (c) and (d) do not
3 require any district to convert any vehicle put into service on or
4 before September 1, 1993, to alternative fuel. The requirements of
5 Subsections (c) and (d) do not apply until September 1, 1995, for
6 any district that applied for a two-year life-cycle cost benefit
7 waiver prior to September 1, 1993, if that waiver is subsequently
8 granted. The General Services Commission shall expedite the
9 process on all those waiver applications. [The--State--Purchasing
10 and-General-Services-Commission-may-reduce-any-percentage-specified
11 or-waive-the-requirements-of-Subsection-(d)-of-this-section-for-any
12 county--or--district--on--receipt--of--certification--supported--by
13 evidence-acceptable-to-the-commission-that:

14 [1]--the---county---or---district's---vehicles---will---be
15 operating-primarily--in--an--area--in--which--neither--the--county,
16 district,--nor--a--supplier--has--or--can-reasonably-be-expected-to
17 establish-a-central-refueling-station-for-compressed-natural-gas-or
18 other-alternative-fuels; or

19 [2]--the-county-or-district-is-unable-to-acquire-or-be
20 provided-equipment-or-refueling--facilities--necessary--to--operate
21 vehicles--using--compressed--natural-gas-or-other-alternative-fuels
22 pursuant-to-Subdivision-(2)-of-Subsection-(c)-of-this-section-at--a
23 projected--cost-that-is-reasonably-expected-to-result-in-no-greater
24 net-costs-than-the-continued-use-of-traditional-gasoline-or--diesel
25 fuels--measured--over--the-expected-useful-life-of-the-equipment-or

1 ~~facilities-supplied]~~

2 (g) County and local district school boards and the [State
3 ~~Purchasing-and]~~ General Services Commission in purchasing, leasing,
4 maintaining, or converting vehicles for compressed natural gas or
5 other alternative fuels use shall comply with all applicable safety
6 standards promulgated by the United States Department of
7 Transportation and the Railroad Commission of Texas or their
8 successor agencies. The requirements of Subsections (c) and (d) do
9 not require a district to convert any vehicle or engine to
10 compressed natural gas or other alternative fuel if the conversion
11 does not meet fuel system integrity standards as designed and
12 tested by the National Highway Transportation Safety Administration
13 or the Railroad Commission of Texas.

14 (h) In this section, a vehicle is considered to be capable
15 of using compressed natural gas or other alternative fuels if the
16 vehicle is capable of using compressed natural gas or other
17 alternative fuels either in its original equipment engine or in an
18 engine that has been converted to use compressed natural gas or
19 other alternative fuels after September 1, 1991[~~7-unless--the--time~~
20 ~~for--compliance--is--extended--pursuant--to--Subsection-(i)-of-this~~
21 ~~section]~~.

22 [~~(i)--The-General-Services-Commission-may-extend-the-date--by~~
23 ~~which--a-vehicle-powered-by-a-traditional-gasoline-or-diesel-engine~~
24 ~~shall--be--capable--of--using--compressed--natural--gas--or--other~~
25 ~~alternative--fuels--as--required-under-this-section-for-one-or-more~~

1 ~~periods-of-90-days, but not beyond September 1, 1993, if it finds a~~
2 ~~lack-of-ability-to-acquire-such-vehicles-with-original--alternative~~
3 ~~fuels--equipment,--to--acquire--such--vehicles-which-are-able-to-be~~
4 ~~converted, or to convert such vehicles to--use--compressed--natural~~
5 ~~gas-or-other-alternative-fuels.]~~

6 SECTION 8.26. Subsection (a), Section 19.051, Education
7 Code, is amended to read as follows:

8 (a) By the procedure described in this subchapter, any of
9 the following groups of school districts may consolidate into a
10 single school district:

11 (1) two or more [contiguous] independent school
12 districts;

13 (2) two or more [contiguous] common school districts;

14 or

15 (3) one or more independent school districts and one
16 or more common school districts [constituting--as--a-whole-one
17 continuous-territory].

18 SECTION 8.27. Section 21.041, Education Code, as amended by
19 Section 1, Chapter 353, Acts of the 71st Legislature, Regular
20 Session, 1989, and Section 2.12, Chapter 813, Acts of the 71st
21 Legislature, Regular Session, 1989, is reenacted and amended to
22 read as follows:

23 Sec. 21.041. ABSENCES. (a) Except as provided by this
24 section, a student may not be given credit for a class unless the
25 student is in attendance for at least 90 percent of the [80] days

1 the class is offered [during-a-semester].

2 (b) The board of trustees of each school district shall
3 appoint one or more attendance committees to hear petitions for
4 class credit by students who are in attendance fewer than the
5 number of days required under Subsection (a) [80-days-during-a
6 semester]. Each board may determine the number of committees
7 needed in the district and the composition of each committee. The
8 committees may give class credit to a student who is in attendance
9 fewer than the number of days required under Subsection (a) [80
10 days-during-a-semester] because of extenuating circumstances. Each
11 local school board shall establish guidelines to determine what
12 constitutes extenuating circumstances, subject to rules adopted by
13 the State Board of Education, and shall adopt policies establishing
14 alternative ways for students to make up work or regain credit lost
15 because of absences. The State Board of Education shall submit its
16 rules adopted under this section to the Legislative Education Board
17 for review to ensure compliance with legislative intent. A
18 certified public school employee may not be assigned additional
19 instructional duties as a result of this section outside of the
20 regular workday unless the employee is compensated for the duties
21 at a reasonable rate of pay.

22 (c) A member of an attendance committee is not personally
23 liable for any act or omission arising out of duties as a member of
24 an attendance committee.

25 (d) If a student is denied credit for a class by an

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1 attendance committee, the student may appeal the decision to the
2 board. The decision of the board may be appealed by trial de novo
3 to the district court of the county in which the school district's
4 central administrative office is located.

5 (e) This section does not affect the provision of Section
6 21.035(f) of this code regarding a student's excused absence from
7 school to observe religious holy days.

8 SECTION 8.28. Subsections (a), (b), (e), and (f), Section
9 21.458, Education Code, are amended to read as follows:

10 (a) Each district that is required to offer a bilingual
11 education or special language program shall offer a voluntary
12 ~~[summer]~~ program for children of limited English proficiency who
13 will be eligible for admission to kindergarten or the first grade
14 at the beginning of the next school year. A school that operates
15 on a two-semester system shall offer the program during the period
16 school is recessed for the summer. A school that operates on any
17 other system permitted by this code shall offer 120 hours of
18 instruction on a schedule the board of trustees of the district
19 establishes.

20 (b) Enrollment in the program is optional with the parent of
21 the child. In a district that operates on a two-semester system,
22 the [The] program must be offered for one-half day for eight weeks.

23 (e) The ~~[preschool---or---summer]~~ programs required or
24 authorized by this section shall not be a substitute for programs
25 required to be provided during the regular school year.

1 (f) The legislature may appropriate funds from the
2 foundation school program for support of a [the--summer] program
3 under Subsection (a) of this section.

4 SECTION 8.29. Subsection (b), Section 21.3011, Education
5 Code, is amended to read as follows:

6 (b) A student may be removed from class and expelled without
7 resort to an alternative education program under Section 21.301 of
8 this code if the student, on school property or while attending a
9 school-sponsored or school-related activity on or off of school
10 property:

11 (1) assaults a teacher or other individual;

12 (2) sells, gives, or delivers to another person or
13 possesses or uses or is under the influence of:

14 (A) marihuana or a controlled substance, as
15 defined by Chapter 481, Health and Safety Code, or by 21 U.S.C.
16 Section 801 et seq.; or

17 (B) a dangerous drug, as defined by Chapter 483,
18 Health and Safety Code;

19 (3) sells, gives, or delivers to another person an
20 alcoholic beverage, as defined by Section 1.04, Alcoholic Beverage
21 Code, or commits a serious act or offense while under the influence
22 of alcohol; or on more than one occasion possesses, uses, or is
23 under the influence of an alcoholic beverage;

24 (4) possesses a firearm as defined by Section
25 46.01(3), Penal Code, an illegal knife as defined by Section

1 46.01(6), Penal Code, a club as defined by Section 46.01(1), Penal
2 Code, or a weapon listed as a prohibited weapon under Section
3 46.06, Penal Code;

4 (5) engages in conduct that contains the elements of
5 an offense relating to abusable glue or aerosol paint under
6 Sections 485.031 through 485.035, Health and Safety Code, or
7 relating to volatile chemicals under Chapter 484, Health and Safety
8 Code;

9 (6) engages in conduct that contains the elements of
10 the offense of arson under Section 28.02, Penal Code; [or]

11 (7) engages in conduct that contains the elements of
12 the offense of criminal mischief under Section 28.03, Penal Code,
13 if the offense is punishable as a felony under that section; or

14 (8) engages in conduct that contains the elements of
15 the offense of public lewdness under Section 21.07, Penal Code.

16 SECTION 8.30. Subsection (a), Section 3, Chapter 424, Acts
17 of the 63rd Legislature, Regular Session, 1973 (Article 6252-17a,
18 Vernon's Texas Civil Statutes), is amended to read as follows:

19 (a) All information collected, assembled, or maintained by
20 or for governmental bodies, except in those situations where the
21 governmental body does not have either a right of access to or
22 ownership of the information, pursuant to law or ordinance or in
23 connection with the transaction of official business is public
24 information and available to the public during normal business
25 hours of any governmental body, with the following exceptions only:

1 (1) information deemed confidential by law, either
2 Constitutional, statutory, or by judicial decision;

3 (2) information in personnel files, the disclosure of
4 which would constitute a clearly unwarranted invasion of personal
5 privacy, and transcripts from institutions of higher education
6 maintained in the personnel files of professional public school
7 employees; provided, however, that nothing in this section shall be
8 construed to exempt from disclosure the degree obtained and the
9 curriculum on such transcripts of professional public school
10 employees, and further provided that all information in personnel
11 files of an individual employee within a governmental body is to be
12 made available to that individual employee or his designated
13 representative as is public information under this Act;

14 (3) information relating to litigation of a criminal
15 or civil nature and settlement negotiations, to which the state or
16 political subdivision is, or may be, a party, or to which an
17 officer or employee of the state or political subdivision, as a
18 consequence of his office or employment, is or may be a party, that
19 the attorney general or the respective attorneys of the various
20 political subdivisions has determined should be withheld from
21 public inspection;

22 (4) information which, if released, would give
23 advantage to competitors or bidders;

24 (5) information pertaining to the location of real or
25 personal property for public purposes prior to public announcement

1 of the project, and information pertaining to appraisals or
2 purchase price of real or personal property for public purposes
3 prior to the formal award of contracts therefor;

4 (6) drafts and working papers involved in the
5 preparation of proposed legislation;

6 (7) matters in which the duty of the Attorney General
7 of Texas or an attorney of a political subdivision, to his client,
8 pursuant to the Rules and Canons of Ethics of the State Bar of
9 Texas are prohibited from disclosure, or which by order of a court
10 are prohibited from disclosure;

11 (8) records of law enforcement agencies and
12 prosecutors that deal with the detection, investigation, and
13 prosecution of crime and the internal records and notations of such
14 law enforcement agencies and prosecutors which are maintained for
15 internal use in matters relating to law enforcement and
16 prosecution;

17 (9) private correspondence and communications of an
18 elected office holder relating to matters the disclosure of which
19 would constitute an invasion of privacy;

20 (10) trade secrets and commercial or financial
21 information obtained from a person and privileged or confidential
22 by statute or judicial decision;

23 (11) inter-agency or intra-agency memorandums or
24 letters which would not be available by law to a party in
25 litigation with the agency;

1 (12) information contained in or related to
2 examination, operating, or condition reports prepared by, on behalf
3 of, or for the use of an agency responsible for the regulation or
4 supervision of financial institutions, and/or securities, as that
5 term is defined in the Texas Securities Act;

6 (13) geological and geophysical information and data
7 including maps concerning wells, except information filed in
8 connection with an application or proceeding before any agency or
9 an electric log confidential under Subchapter M, Chapter 91,
10 Natural Resources Code;

11 (14) student records at educational institutions
12 funded wholly, or in part, by state revenue; but such records shall
13 be made available upon request of educational institution
14 personnel, the student involved, that student's parent, legal
15 guardian, or spouse or a person conducting a child abuse
16 investigation required by Section 34.05, Family Code;

17 (15) birth and death records maintained by the Bureau
18 of Vital Statistics of the Texas Department of Health, except that:

19 (A) a birth record is public information and
20 available to the public on and after the 50th anniversary of the
21 date on which the record is filed with the Bureau of Vital
22 Statistics or local registration official; and

23 (B) a death record is public information and
24 available to the public on and after the 25th anniversary of the
25 date on which the record is filed with the Bureau of Vital

1 Statistics or local registration official;

2 (16) the audit working papers of the State Auditor;

3 (17) information relating to:

4 (A) the home addresses or home telephone numbers
5 of each official or employee or each former official or employee of
6 a governmental body except as otherwise provided by Section 3A of
7 this Act, or of peace officers as defined by Article 2.12, Code of
8 Criminal Procedure, 1965, as amended, or by Section 51.212, Texas
9 Education Code; or

10 (B) the home addresses, home telephone numbers,
11 or social security numbers of employees of the Texas Department of
12 Criminal Justice, or the home or employment addresses or telephone
13 numbers or the names or social security numbers of their family
14 members;

15 (18) information contained on or derived from
16 triplicate prescription forms filed with the Department of Public
17 Safety pursuant to Section 481.075, Health and Safety Code;

18 (19) photographs that depict a peace officer as
19 defined by Article 2.12, Code of Criminal Procedure, or a security
20 officer commissioned under Section 51.212, Education Code, the
21 release of which would endanger the life or physical safety of the
22 officer unless:

23 (A) the officer is under indictment or charged
24 with an offense by information; or

25 (B) the officer is a party in a fire or police

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1 civil service hearing or a case in arbitration; or

2 (C) the photograph is introduced as evidence in
3 a judicial proceeding;

4 (20) rare books and original manuscripts which were
5 not created or maintained in the conduct of official business of a
6 governmental body and which are held by any private or public
7 archival and manuscript repository for the purposes of historical
8 research;

9 (21) oral history interviews, personal papers,
10 unpublished letters, and organizational records of nongovernmental
11 entities, which were not created or maintained in the conduct of
12 official business of a governmental body and which are held by any
13 private or public archival and manuscript repository for the
14 purposes of historical research, to the extent that the archival
15 and manuscript repository and the donor of the interviews, papers,
16 letters, and records may agree to limit disclosure of the item;

17 (22) [~~curriculum--objectives-and~~] test items developed
18 by educational institutions that are funded wholly or in part by
19 state revenue and test items developed by licensing agencies or
20 governmental bodies; and

21 (23) the names of applicants for the position of chief
22 executive officer of institutions of higher education, except that
23 the governing body of the institution of higher education must give
24 public notice of the name or names of the finalists being
25 considered for the position at least 21 days prior to the meeting

1 at which final action or vote is to be taken on the employment of
2 the individual.

3 SECTION 8.31. Subsection (a), Section 5, Chapter 173, Acts
4 of the 47th Legislature, Regular Session, 1941 (Article 6687b,
5 Vernon's Texas Civil Statutes), is amended to read as follows:

6 (a) No person who is under the age of eighteen (18) years
7 shall drive any motor vehicle while in use as a school bus for the
8 transportation of pupils to or from school. A person who is
9 eighteen (18) years of age or older may not operate a vehicle as a
10 school bus until he has been properly licensed to operate a school
11 bus. It shall be unlawful for any person to be employed to drive a
12 motor vehicle while in use as a school bus for the transportation
13 of pupils who has not undergone a physical examination which
14 reveals his physical and mental capabilities to safely operate a
15 school bus. Such physical examinations shall be conducted annually
16 for each driver. A pre-employment driver's license check shall
17 have been made with the Texas Department of Public Safety prior to
18 the employment and the person's driving record must be acceptable
19 according to standards developed jointly by the State Board of
20 Education and the Texas Department of Public Safety. Effective at
21 such date and under provisions as may be determined by the State
22 Board of Education, the driver of a school bus shall have in his
23 possession a certificate stating he is enrolled in, or has
24 completed, a driver training course in school bus safety education
25 that has been approved jointly by the State Board of Education and

1 the Texas Department of Public Safety. The bus driving certificate
2 shall remain valid for a period of three years. This subsection
3 does not affect the right of any otherwise qualified person with a
4 hearing disability to be licensed, certified, and employed as a bus
5 driver for vehicles used to transport hearing impaired students or
6 persons. This subsection does not apply to the operation of a
7 vehicle owned by a public institution of higher education to
8 transport students of a school district that operates within that
9 institution if:

10 (1) the person operating the vehicle is approved by
11 the institution to operate the vehicle; and

12 (2) the transportation is for a field trip or other
13 special event.

14 SECTION 8.32. The following sections of the Education Code
15 are repealed: 21.008, 21.132 through 21.134, 23.993, 23.994, and
16 23.999.

17 SECTION 8.33. Effective September 1, 1995, the following
18 provisions of the Education Code are repealed:

19 (1) Title 1; and

20 (2) Title 2, except Chapters 16, 20, and 36.

21 SECTION 8.34. Not later than June 1, 1994, the commissioner
22 of education shall submit to the legislature a proposed revision of
23 Education Code provisions repealed by Section 8.33 of this article.

24 SECTION 8.35. Effective September 1, 1995, the Central
25 Education Agency is abolished.

1 SECTION 8.36. This article takes effect September 1, 1993.

2 ARTICLE 9

3 SECTION 9.01. (a) Except as otherwise provided by this Act,
4 this Act takes effect immediately.

5 (b) This Act applies to taxes imposed on or after January 1,
6 1993.

7 SECTION 9.02. The importance of this legislation and the
8 crowded condition of the calendars in both houses create an
9 emergency and an imperative public necessity that the
10 constitutional rule requiring bills to be read on three several
11 days in each house be suspended, and this rule is hereby suspended,
12 and that this Act take effect and be in force according to its
13 terms, and it is so enacted.

Speaker of the House

Secretary of the Senate

Chief Clerk of the House

Date _____

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LEGISLATIVE BUDGET BOARD
Austin, Texas

Patsy

FISCAL NOTE
73rd Regular Session

May 27, 1993

TO: Honorable Bob Bullock
Lieutenant Governor
Senate Chamber
Austin, Texas

Honorable Pete Laney
Speaker of the House
House of Representatives
Austin, Texas

IN RE: Conference Committee Report for
Senate Bill No. 7

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on the Conference Committee Report on Senate Bill No. 7 (relating to public school education and finance; providing penalties) this office has determined the following:

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The bill would make formula changes to the Foundation School Program (FSP). Major provisions include:

- abolishing county education districts (CEDs);
- providing guidelines to the commissioner of education to transfer certain property among districts or consolidate school districts, as necessary, to reduce the effective wealth per weighted pupil of districts to \$280,000 or lower;
- providing school districts with local option alternatives to the authority granted to the Commissioner;
- setting FSP funding elements, including a basic allotment of \$2,300, a technology allotment of \$30, a tier 1 local fund assignment of \$0.86, a guaranteed yield of \$20.55 per weighted pupil, and a tier 2 tax rate of \$0.64;
- changing weights for the special education allotment to, in part, implement the recommendations contained in the biennial school finance studies report prepared by the staff of the Legislative Education Board and Legislative Budget Board;
- providing FSP funding for extended year services for special education student;
- establishing pilot programs for the inclusion of students with disabilities in the regular classroom and providing FSP funding for the pilots;
- establishing a process through which the commissioner of education determines a sum-certain FSP allocation to each school district for a given year, with adjustments made during each year and/or the subsequent year to reflect changes in property values, tax rates, and ADA;
- limiting the state's participation in Tier 2 of the FSP;
- requiring the Texas Education Agency to provide projections of ADA and tax rates and the Comptroller to provide projections of property values;
- providing guidelines for the commissioner of education to reduce FSP allocations, if necessary, to ensure that state aid remains within appropriations levels;
- providing for reduction of FSP entitlement for districts with excessive administrative costs;
- establishing compulsory extended year pilots for students who are at risk being retained in grade;
- eliminating biennial school finance studies;
- reducing the threshold for local school district rollback elections.
- eliminating the career ladder but providing funding for teachers currently on the career ladder;
- modifying requirements under the Texas Teacher Appraisal System (TTAS);
- removing obstacles to school district consolidation; and
- sunsetting certain public education statutes and abolishing the Texas Education Agency in September 1995.

The bill would increase FSP state aid in 1994 and thereafter. FSP costs in 1996 and beyond would be determined by actions of the Foundation School Fund Budget Committee (FSFBC) in setting future funding elements. State aid changes in future years would also depend on actual changes in local tax effort, ADA, and property values.

The bill would have an impact on the state's contribution to the Teacher Retirement System (TRS). The cost estimates below are based on the assumption that 65% of new state aid is spent on salaries and that the state's contribution rate is 7.31%.

The state could incur costs in providing hold harmless incentive aid in 1994 and 1995 to school districts that consolidate. These costs cannot be determined.

The state could realize FSP savings from districts with excessive administrative costs. These savings would depend on standards set by the commissioner of education and on the extent to which affected districts took corrective action. The net savings cannot be estimated.

The state would incur administrative costs in carrying out transfer of property or forced consolidation of districts and/or overseeing implementation of local option alternatives. These costs would depend on the type of wealth sharing schemes adopted by local school districts. These costs would be offset by administrative savings from elimination of biennial school finance studies. The net administrative fiscal implications to the state cannot be determined.

The bill's provisions would generally have a negative impact on local school districts. A substantial majority of districts would need to raise tax effort in 1994 to maintain projected levels of total revenue per pupil in 1993. Affected districts would also incur costs in implementing the wealth sharing options provided in the bill. These costs would depend on the options taken and cannot be determined.

TEA estimates net local savings of \$43.4 million per year due to removal of the requirement that districts follow TTAS appraisal guidelines. These savings result primarily from fewer appraisals required. School districts could realize additional savings tied to relief from statutory requirements regarding alternative fuels and school consolidation. These savings would depend on local circumstances and cannot be determined.

Local central appraisal districts would incur costs to the extent that wealthy school districts chose to reduce wealth disparities by detaching certain properties and annexing these properties to less wealthy school districts. These costs cannot be determined.

The state cost estimates below are compared to the 1993 appropriated level rather than to the projected state costs under current law. This base of comparison has been selected due to the fact that the provisions of current law under S.B. 351 are unenforceable after September 1, 1993 as a result of the *Edgewood III* decision of the Texas Supreme Court. For the sake of this fiscal note, we have assumed that all affected districts choose to transfer property to low wealth districts. State costs could vary depending on the local option alternatives chosen by affected districts.

The probable cost of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

| Fiscal Year | Probable Formula Costs/(Savings) Over the 1993 Level Out of the General Revenue Fund at 1993 Tax Rates | Probable Teacher Retirement System Costs/(Savings) Over the 1993 Level Out of the General Revenue Fund |
|-------------|--|--|
| 1994 | \$20,900,000 | \$1,100,000 |
| 1995 | 309,000,000 | 15,700,000 |
| 1996 | 623,700,000 | 31,700,000 |
| 1997 | 930,200,000 | 47,200,000 |
| 1998 | 1,293,900,000 | 65,700,000 |

Similar annual costs would continue as long as the provisions of the bill are in effect.

It should be noted that a portion of the TRS cost is tied to ADA growth and is not directly attributable to the bill's provisions.

The state FSP costs above are based on the assumption that districts will maintain taxes at the 1993 level. If districts were to increase tax effort to the maximum tier 2 tax rate, the state costs in addition to those shown above would be \$783.1 million in 1996, \$812.8 million in 1997, and \$854.6 million in 1998.

Source: Texas Education Agency;
LBB Staff: JO, JWH, EC, JSO, JOL

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE
73rd Regular Session

May 18, 1993

TO: Honorable Libby Linebarger, Chair
Committee on Public Education
House of Representatives
Austin, Texas

IN RE: House Committee
Substitute for Senate Bill
No. 7

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on House Committee Substitute for Senate Bill No. 7 (relating to public school education and finance) this office has determined the following:

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The bill would make formula changes to the Foundation School Program (FSP). Major provisions include:

- abolishing county education districts (CEDs);
- providing guidelines to the commissioner of education to consolidate school districts, as necessary, to reduce the effective wealth per weighted pupil of certain districts to \$280,000 or lower;
- providing school districts with local option alternatives to forced consolidation;
- setting FSP funding elements, including a basic allotment of \$2,300, a technology allotment of \$30, a tier 1 local fund assignment of \$0.86, a guaranteed yield of \$22 per weighted pupil, and a tier 2 tax rate of \$0.42;
- establishing a process through which the commissioner of education determines a sum-certain FSP allocation to each school district for a given year, with adjustments made during each year and/or the subsequent year to reflect changes in property values, tax rates, and ADA;
- requiring the Texas Education Agency to provide projections of ADA and the Comptroller to provide projections of property values;
- providing guidelines for the commissioner of education to reduce FSP allocations, if necessary, to ensure that state aid remains within appropriations levels;
- providing for reduction of FSP entitlements for districts with excessive administrative costs;
- allowing school districts to shorten the school year in order to fund optional extended year compulsory attendance programs for students at risk of being retained in grade;
- eliminating biennial school finance studies; and
- reducing the threshold for local school district rollback elections.

The bill would decrease FSP state aid in 1994 and then increase state aid each year thereafter. FSP costs in 1996 and beyond would be determined by actions of the Foundation School Fund Budget Committee (FSFBC) in setting future funding elements. State aid changes in future years would also depend on actual changes in local tax effort, ADA, and property values.

The bill would have an impact on the state's contribution to the Teacher Retirement System (TRS). The cost estimates below are based on the assumption that 65% of new state aid is spent on salaries and that the state's contribution rate is 7.31%.

The state could incur costs in providing hold harmless incentive aid in 1994 and 1995 to school districts that voluntarily consolidate. Depending on specific consolidation pairings, the hold harmless for losses tied to the small district adjustment could amount to \$50 million per year in 1994 and 1995. The bill would provide no incentive aid beyond the first two years.

The state could realize FSP savings from districts with excessive administrative costs. These savings would depend on standards set by the commissioner of education and on the extent to which affected districts took corrective action. The net savings cannot be estimated.

The state would incur administrative costs in carrying out the forced consolidation of districts and/or overseeing implementation of local option alternatives to forced consolidations. These costs would depend on the type of wealth sharing schemes adopted by local school districts. These costs would be offset by administrative savings from elimination of biennial school finance studies. The net administrative fiscal implications to the state cannot be determined.

The bill's provisions would generally have a negative impact on local school districts. A substantial majority of districts would need to raise tax effort in 1994 to maintain projected levels of total revenue per pupil in 1993. State aid per ADA would decrease by \$73 in 1994 and then increase by \$45 in 1995. Affected districts would also incur costs in implementing the wealth sharing options provided in the bill. These costs would depend on the options taken and cannot be determined.

Local central appraisal districts would incur costs to the extent that wealthy school districts chose to reduce wealth disparities by detaching certain properties and annexing these properties to less wealthy school districts. These costs cannot be determined.

The state cost estimates below are compared to the 1993 appropriated level rather than to the projected state costs under current law. This base of comparison has been selected due to the fact that the provisions of current law under S.B. 351 are unenforceable after September 1, 1993 as a result of the *Edgewood III* decision of the Texas Supreme Court. For the sake of this fiscal note, we have assumed forced consolidation of all affected districts. State costs could vary depending on the local option alternatives chosen by affected districts.

The probable cost of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

| Fiscal Year | Probable Formula Costs/(Savings) Over the 1993 Level Out of the General Revenue Fund at 1993 Tax Rates | Probable Teacher Retirement System Costs/(Savings) Over the 1993 Level Out of the General Revenue Fund |
|-------------|--|--|
| 1994 | (\$103,200,000) | (\$5,200,000) |
| 1995 | 180,000,000 | 9,100,000 |
| 1996 | 493,800,000 | 25,100,000 |
| 1997 | 815,000,000 | 41,400,000 |
| 1998 | 1,175,000,000 | 59,600,000 |

Similar annual costs would continue as long as the provisions of the bill are in effect.

It should be noted that a portion of the TRS cost is tied to ADA growth and is not directly attributable to the bill's provisions.

The state FSP costs above are based on the assumption that districts will maintain taxes at the 1993 level. If districts were to increase tax effort to the maximum tier 2 tax rate, the state costs in addition to those shown above would be \$205.2 million in 1994, \$210.1 million in 1995, \$215.4 million in 1996, \$220.7 million in 1997, and \$226.6 million in 1998.

Source: Texas Education Agency;
LBB Staff: JO, JWH, DF, JSO, JOL

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE
73rd Regular Session

May 14, 1993

TO: Honorable Libby Linebarger, Chair
Committee on Public Education
House of Representatives
Austin, Texas

IN RE: Senate Bill No. 7, as
engrossed
By: Ratliff

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Senate Bill No. 7, as engrossed (relating to public school education and finance) this office has determined the following:

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The bill would make formula changes to the Foundation School Program (FSP). Major provisions include:

- abolishing county education districts (CEDs);
- providing guidelines to the commissioner of education to detach certain non-residential and non-agricultural property from one school district and annex it to another district in order to reduce the effective wealth per weighted pupil of certain districts to \$280,000 or lower, with some exceptions;
- setting a tier 1 basic allotment of \$2,450 and directing the commissioner of education to reduce the basic allotment by an amount sufficient to cover the cost of the career ladder allotment;
- setting other tier 1 funding elements, including a technology allotment of \$30 and a local fund assignment of \$0.90;
- setting tier 2 funding elements, including a flat guaranteed yield of \$20 per weighted pupil for the first 30 cents of tax effort and a sliding scale yield of between \$20 and \$17 per weighted pupil for tax effort of between \$0.30 and \$0.60;
- effective in 1995, changing weights for the special education allotment to, in part, implement the recommendations contained in the biennial school finance studies report prepared by the staff of the Legislative Education Board and Legislative Budget Board;
- effective in 1995, providing FSP funding for extended year services for special education students;
- establishing pilot programs for the inclusion of students with disabilities in the regular classroom and providing FSP funding for the pilots;
- establishing compulsory extended year pilots for students who are at risk of being retained and adjusting the FSP definition of average daily attendance (ADA) to provide funding for the pilots;
- limiting the state's participation in funding local tax effort increases within tier 2 of the FSP;
- establishing a process through which the commissioner of education determines a sum-certain FSP allocation to each school district for a given year, with adjustments made in the subsequent year to reflect changes in property values and ADA;
- requiring the Texas Education Agency to provide projections of ADA and tax rates and the Comptroller to provide projections of property values;
- providing guidelines for the commissioner of education to reduce FSP allocations, if necessary, to ensure that state aid remains within appropriations levels;
- requiring certain wealthy districts to pay the state's contribution to the Teacher Retirement System; and
- providing for reduction of FSP entitlements for districts with excessive administrative costs.

The bill would increase FSP state over the 1993 level by \$17.1 million in 1994, increasing to \$1,327.5 million by 1998. FSP costs in 1996 and beyond would be determined by actions of the Foundation School Fund Budget Committee (FSFBC) in setting future funding elements. State aid changes in future years would also depend on actual changes in local tax effort, ADA, and property values.

The bill would have an impact on the state's contribution to the Teacher Retirement System (TRS). Assuming that 65% of new state aid is spent on salaries, the state's contribution to TRS is expected to increase over the 1993 level by \$0.9 million in 1994 and by \$73.3 million by 1998. These costs would be offset by savings due to the requirement that certain wealthy districts pay the state's contribution to TRS. These savings cannot be determined.

The state could realize FSP savings from districts with excessive administrative costs. These savings would depend on standards set by the commissioner of education and on the extent to which affected districts took corrective action. The net savings cannot be estimated.

The state would incur administrative costs associated with the bill's provisions regarding detachment and annexation of certain parcels of property. Assuming that most of the field work is done through contract with central appraisal districts and/or appraisal firms, costs could range from \$3,000,000 to \$5,000,000 per year in 1993 and beyond. The range of costs would depend on whether TEA could transfer entire categories of property or would need to identify property on a parcel-by-parcel basis. Costs beyond 1993 would depend on the extent to which TEA needed to adjust allocations in order to maintain various wealth thresholds identified in the bill.

The bill's provisions would generally have a negative impact on local school districts. A substantial majority of districts would need to raise tax effort in 1994 to maintain projected levels of total revenue per pupil in 1993. State aid per ADA would decrease by \$37 in 1994 and then increase by \$35 in 1995. Districts choosing to operate extended year compulsory attendance programs would incur costs; however, these costs would be partially or totally offset by FSP state aid. Districts would also incur costs in adjusting local taxing practices to comply with the impact of reallocation of wealth among school districts and in notifying affected taxpayers. These costs cannot be determined.

Local central appraisal districts would incur costs in assisting TEA in the reallocation process and in adjusting tax rolls to reflect the results of reallocation of wealth among school districts. These costs cannot be determined.

The state cost estimates below are compared to the 1993 appropriated level rather than to the projected state costs under current law. This base of comparison has been selected due to the fact that the provisions of current law under S.B. 351 are unenforceable after September 1, 1993 as a result of the *Edgewood III* decision of the Texas Supreme Court.

The probable cost of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

| Fiscal Year | Probable Formula Costs Over the 1993 Level Out of the General Revenue Fund at 1993 Tax Rates | Probable Teacher Retirement System Costs Over the 1993 Level Out of the General Revenue Fund |
|-------------|--|--|
| 1994 | \$17,100,000 | \$900,000 |
| 1995 | 268,800,000 | 14,900,000 |
| 1996 | 630,000,000 | 34,800,000 |
| 1997 | 962,300,000 | 53,200,000 |
| 1998 | 1,327,500,000 | 73,300,000 |

Similar annual costs would continue as long as the provisions of the bill are in effect.

It should be noted that a portion of the TRS cost is tied to ADA growth and is not directly attributable to the bill's provisions.

The state FSP costs above are based on the assumption that the state will contribute tier 2 state aid for tax effort up to but not exceeding the 1993 level, with exceptions for certain below average wealth districts. If districts were to increase tax effort to the maximum tier 2 tax rate, the additional state costs would be \$647.8 million in 1996, \$677.0 million in 1997, and \$709.4 million in 1998.

Source: Texas Education Agency;
LBB Staff: JO, JWH, EC, JSO, LC

FISCAL NOTE
73rd Regular Session

January 20, 1993

TO: Honorable William Ratliff, Chairman IN RE: Senate Bill No. 7
Committee on Education By: Ratliff
Senate Chamber
Austin, Texas

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Senate Bill No. 7, (relating to public school finance) this office has determined the following:

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The bill would make formula charges to the Foundation School Program (FSP). Major provisions include:

- setting FSP funding elements for 1994 and 1995, including a basic allotment of \$2,470 in 1994 and \$2,570 in 1995, a tier 1 tax rate of \$0.90, a tier 2 guarantee of \$25, and a tier 2 tax rate of \$0.40;
- allowing the cost of education index and the "non-sparse" component of the small district adjustment to expire at the end of 1993;
- setting a limit on maintenance and operations (M & O) revenue at two times a district's adjusted basic allotment per weighted average daily attendance (ADA);
- changing weights for the special education allotment to, in part, implement the recommendations of the biennial school finance studies report prepared by the staff of the Legislative Education Board and Legislative Budget Board;
- limiting the state's participation in funding local tax effort increases over the 1993 level dependent on actions of the legislature during the appropriations process;
- establishing a process through which the Commissioner of Education determines a sum-certain FSP allocation to each school district for a given fiscal year, with adjustments made in the subsequent fiscal year to reflect changes in property values and average daily attendance (ADA);
- requiring the Texas Education Agency and the Comptroller of Public Accounts to provide projections of ADA and property values, respectively;
- providing guidelines for the Commissioner of Education to adjust certain funding elements, as necessary, to ensure that FSP entitlements are covered by available appropriations;
- requiring the voters in each county education district (CED) to hold another election on certain property value exemptions; and
- modifying the maximum tax rate school districts can levy.

The bill would decrease state aid to school districts in 1994 and then increase state aid in each year thereafter. FSP costs in 1996 and beyond would be determined by actions of the Foundation School Fund Budget Committee (FSFBC) and the legislature in setting funding elements. State aid changes in future years would also depend on actual changes in local tax effort, ADA, and property values.

The bill would have an impact on the state's contribution to the Teacher Retirement System (TRS). Assuming that 65% of net state aid is spent on salaries, the state's contribution to TRS is expected to increase over the 1993 level by \$18.8 million in 1996, increasing to \$64.0 million by 1998. If the appropriation to TRS is not adjusted, the estimated additional costs in each year will be incurred in the following year when the TRS contribution is adjusted.

The bill's provisions would have a negative impact on local school districts. Nearly all school districts would need to raise tax effort in 1994 to maintain projected levels of total revenue per pupil in 1993. Districts would also incur costs in holding CED elections on property tax exemptions. These costs cannot be determined at this time.

The state cost estimates below are compared to the 1993 appropriated level rather than to the projected state costs under current law. This base of comparison has been selected due to the fact the provisions of current law under S.B. 351 are unenforceable after September 1, 1993 as a result of the Edgewood III opinion of the Texas Supreme Court. The state cost estimates are based on the assumption that the state will contribute tier 2 state aid for tax effort up to but not exceeding the 1993 level. It should be noted that costs in 1996 and beyond would be higher to the extent that local tax effort is increased beyond the 1993 levels.

The probable fiscal implication of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

| Fiscal Year | Probable Formula Cost Over the 1993 Level Out of the General Revenue Fund Tax Rates | Probable Teacher Retirement System Costs Over the 1993 Level Out of General Revenue Fund |
|-------------|---|--|
| 1994 | (\$ 680,400,000) | \$0 |
| 1995 | (11,900,000) | 0 |
| 1996 | 340,800,000 | 18,800,000 |
| 1997 | 712,900,000 | 39,400,000 |
| 1998 | 1,157,800,000 | 64,000,000 |

Similar annual fiscal implications would continue as long as the provisions of the bill are in effect.

Source: LBB Staff: JO, JWH, JOB, EC, CKM

A BILL TO BE ENTITLED
AN ACT: relating to public school finance.

1-19-93JAN 19 1993

Filed with the Secretary of the Senate

Read and referred to Committee on EDUCATION

Reported favorably

May 11, 1993

Reported adversely, with favorable Committee Substitute; Committee Substitute read first time.

Ordered not printed

Laid before the Senate

MAY 12 1993

Senate and Constitutional Rules to permit consideration suspended by:

{ unanimous consent{ 29 years, 2 naysMAY 12 1993Read second time, amended, and ordered engrossed by:{ unanimous consent
a viva voce vote

{ _____ years, _____ nays

MAY 12 1993

Caption ordered amended to conform to the body of the bill.

MAY 12 1993Senate and Constitutional 3 Day Rule suspended by a vote of 31 years, 0 nays.MAY 12 1993

Read third time, _____ and passed by:

{ A viva voce vote{ 27 years, 4 nays

Betty King
SECRETARY OF THE SENATE

OTHER ACTION:

May 12, 1993 EngrossedMay 13, 1993 Sent to House

Enrolling Clerk

Daisy LawMAY 13 1993

Received from the Senate

MAY 13 1993Read first time and referred to Committee on Public Education5-18-93Reported favorably as Subs. amended, sent to Printer at 5:00 pm MAY 18 19935-18-93Printed and Distributed 6:29 pmMAY 18 1993Sent to Committee on Calendars 6:37 pmMAY 20 1993

Read Second time (amended): passed to third reading (failed)

by (Non-Record Vote) Record Vote of 98 years, 45 nays 1 present not voting.

Constitutional Rule requiring bills to be read on three several days suspended (failed to suspend) by a four-fifths vote of _____ years, _____ nays _____ present not voting.

MAY 21 1993

Read third time (amended): finally passed (failed) by a (Non-Record Vote) Record Vote of

101 years, 43 nays 2 present not voting.MAY 21 1993

Caption ordered amended to conform to body of bill.

MAY 21 1993

Returned to Senate.

Betty Murray
CHIEF CLERK OF THE HOUSE

Returned from House without amendment.

MAY 21 1993

Returned from House with _____ amendments.

Concurred in House amendments by a viva voce vote _____ years, _____ nays.

MAY 21 1993 Refused to concur in House amendments and requested the appointment of a Conference Committee to adjust the differences.

MAY 21 1993 Senate conferees instructed.
Senate conferees appointed: Ratliff, Chairman; Halley
Lucio, Burns, and Sibley

5-22-93 House granted Senate request. House conferees appointed: Linbarger, Chairman;
Sadler, Ogden, Hernandez, Stiles

MAY 21 1993 Conference Committee Report read and filed with the Secretary of the Senate.
Conference Committee Report adopted on the part of the House by: _____

{ a viva voce vote
_____ yeas, _____ nays

MAY 27 1993 Conference Committee Report adopted on the part of the Senate by: _____

{ ~~a viva voce vote~~
25 yeas, 6 nays

OTHER ACTION:

Recommitted to Conference Committee

Conferees discharged.

Conference Committee Report failed of adoption by: _____

{ a viva voce vote
_____ yeas, _____ nays

53 MAY 18 PM 6:29

U.S. DEPT. OF JUSTICE

LEGISLATIVE BUDGET BOARD

EQUALIZED EDUCATION FUNDING IMPACT STATEMENT

May 27, 1993

TO: Honorable Bob Bullock
Lieutenant Governor
Senate Chamber
Austin, Texas

Honorable Pete Laney
Speaker of the House
House of Representatives
Austin, Texas

IN RE: Conference Committee Report for
Senate Bill No. 7

FROM: Jim Oliver, Director

In response to your request for an Equalized Education Funding Impact Statement on the Conference Committee Report on Senate Bill No. 7 (relating to public school education and finance; providing civil penalties) this office has determined the following:

The bill would make structural and formula changes to the Foundation School Program. The percent of equalized revenue in the system during each of the first five years following passage is estimated as follows:

| Fiscal Year | Percent Equalized Revenue in the System at 1993 Tax Rates in SB 351 in 1993 | Percent Equalized Revenue in the System at 1993 Tax Rates in SB 7 |
|-------------|---|---|
| 1993 | 96.1% | N/A |
| 1994 | N/A | 97.75% |
| 1995 | N/A | 98.02% |
| 1996 | N/A | 98.10% |
| 1997 | N/A | 98.47% |
| 1998 | N/A | 98.62% |

| Fiscal Year | Revenue per Penny per Weighted ADA for Districts above 95th/below 5th Percentile of Wealth at 1993 Tax Rates in SB 351 in 1993 | Revenue per Penny per Weighted ADA for Districts above 95th/below 5th Percentile of Wealth at 1993 Tax Rates in SB 7 |
|-------------|--|--|
| 1993 | \$36.49/\$28.25 | N/A |
| 1994 | N/A | \$31.68/\$26.82 |
| 1995 | N/A | \$30.89/\$26.82 |
| 1996 | N/A | \$30.80/\$26.82 |
| 1997 | N/A | \$29.80/\$26.82 |
| 1998 | N/A | \$29.59/\$26.83 |

LEGISLATIVE BUDGET BOARD

EQUALIZED EDUCATION FUNDING IMPACT STATEMENT

May 18, 1993

TO: Honorable Libby Linebarger, Chair
Committee on Public Education
House of Representatives
Austin, Texas

IN RE: House Committee Substitute for
Senate Bill No. 7

FROM: Jim Oliver, Director

In response to your request for an Equalized Education Funding Impact Statement on House Committee Substitute for Senate Bill No. 7 (relating to public school education and finance), this office has determined the following:

The bill would make structural and formula changes to the Foundation School Program. The percent of equalized revenue in the system during each of the first five years following passage is estimated as follows:

| Fiscal Year | Percent Equalized Revenue in the System at 1993 Tax Rates in SB 351 in 1993 | Percent Equalized Revenue in the System at 1993 Tax Rates in HCSSB 7 |
|-------------|---|--|
| 1993 | 96.1% | N/A |
| 1994 | N/A | 96.97% |
| 1995 | N/A | 97.13% |
| 1996 | N/A | 97.30% |
| 1997 | N/A | 97.43% |
| 1998 | N/A | 97.55% |

| Fiscal Year | Revenue per Penny per Weighted ADA for Districts above 95th/below 5th Percentile of Wealth at 1993 Tax Rates in SB 351 in 1993 | Revenue per Penny per Weighted ADA for Districts above 95th/below 5th Percentile of Wealth at 1993 Tax Rates in HCSSB 7 |
|-------------|--|---|
| 1993 | \$36.49/\$28.25 | N/A |
| 1994 | N/A | \$26.96/\$26.89 |
| 1995 | N/A | \$26.86/\$26.89 |
| 1996 | N/A | \$26.79/\$26.89 |
| 1997 | N/A | \$26.76/\$26.89 |
| 1998 | N/A | \$26.78/\$26.89 |

LEGISLATIVE BUDGET BOARD

EQUALIZED EDUCATION FUNDING IMPACT STATEMENT

May 13, 1993

TO: Honorable Libby Linebarger, Chair
Committee on Public Education
House of Representatives
Austin, Texas

IN RE: Senate Bill No. 7, as engrossed
By: Ratliff

FROM: Jim Oliver, Director

In response to your request for an Equalized Education Funding Impact Statement on Senate Bill No. 7, as engrossed (relating to public school education and finance), this office has determined the following:

The bill would make structural and formula changes to the Foundation School Program. The percent of equalized revenue in the system during each of the first five years following passage is estimated as follows:

| Fiscal Year | Percent Equalized Revenue in the System at 1993 Tax Rates in SB 351 in 1993 | Percent Equalized Revenue in the System at 1993 Tax Rates in CSSB 7 |
|-------------|---|---|
| 1993 | 96.1% | N/A |
| 1994 | N/A | 97.64% |
| 1995 | N/A | 98.05% |
| 1996 | N/A | 98.14% |
| 1997 | N/A | 98.23% |
| 1998 | N/A | 98.36% |

| Fiscal Year | Revenue per Penny per Weighted ADA for Districts above 95th/below 5th Percentile of Wealth at 1993 Tax Rates in SB 351 in 1993 | Revenue per Penny per Weighted ADA for Districts above 95th/below 5th Percentile of Wealth at 1993 Tax Rates in CSSB 7 |
|-------------|--|--|
| 1993 | \$36.49/\$28.25 | N/A |
| 1994 | N/A | \$33.73/\$26.48 |
| 1995 | N/A | \$31.92/26.49 |
| 1996 | N/A | \$31.87/26.49 |
| 1997 | N/A | \$31.74/26.50 |
| 1998 | N/A | \$31.54/\$26.51 |

LEGISLATIVE BUDGET BOARD

EQUALIZED EDUCATION FUNDING IMPACT STATEMENT

January 20, 1993

To: Honorable William Ratliff, Chairman
Committee on Education
Senate Chamber
Austin, Texas

In Re: Senate Bill 7
By: Ratliff

From: Jim Oliver, Director

In response to your request for an Equalized Education Funding Impact Statement on Senate Bill No. 7 (relating to public school finance) this office has determined the following:

The bill would make formula changes to the Foundation School Program. The percent of equalized revenue in the system during each of the first five years following passage is estimated as follows:

| <u>Fiscal Year</u> | <u>Percent Equalized Revenue in the System</u> |
|--------------------|--|
| 1994 | 97.06% |
| 1995 | 97.20% |
| 1996 | 97.32% |
| 1997 | 97.42% |
| 1998 | 97.53% |

These projections assume that districts will set their tax rates at the 1993 level.

S.B. No. 7_____
President of the Senate_____
Speaker of the House

I hereby certify that S.B. No. 7 passed the Senate on May 12, 1993, by the following vote: Yeas 27, Nays 4; May 21, 1993, Senate refused to concur in House amendments and requested appointment of Conference Committee; May 22, 1993, House granted request of the Senate; May 27, 1993, Senate adopted Conference Committee Report by the following vote: Yeas 25, Nays 6.

Secretary of the Senate

I hereby certify that S.B. No. 7 passed the House, with amendments, on May 21, 1993, by the following vote: Yeas 101, Nays 43; May 22, 1993, House granted request of the Senate for appointment of Conference Committee; May 28, 1993, House adopted Conference Committee Report by the following vote: Yeas 103, Nays 41, one present not voting.

, two present not voting

Chief Clerk of the House

Approved:

Date_____
Governor

BILL ANALYSIS

Senate Research Center

S.B. 7
By: Ratliff
Education
1-19-93
As Filed

BACKGROUND

Texas' method of financing its public school system has been challenged in recent years on the grounds that it unfairly discriminates against students in property poor districts. The Texas Supreme Court, in a series of opinions, has declared Texas' school finance system unconstitutional and has ordered the state to devise a new funding plan. The most recent Supreme Court decision gave the Texas Legislature until June 1, 1993, to enact the new plan. State District Judge Scott McCown, in whose court the lawsuit originated, issued an order on January 11, 1993, that will prohibit the comptroller of public accounts from sending funds to the state's school districts if the legislature has not enacted a plan by the Supreme Court's deadline.

PURPOSE

As proposed, S.B. 7 provides for the creation of an equitable method of financing Texas' public education system through validation and continuation of county education districts.

RULEMAKING

It is the committee's opinion that this bill does not grant any additional rulemaking authority to any state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

ARTICLE 1.

SECTION 1.01. Amends Section 16.101, Education Code, to set the amount of the basic allotment for each student in average daily attendance (ADA) at \$2,470 for the 1993-1994 school year, \$2,570 thereafter, or a greater amount adopted by the foundation school fund budget committee.

SECTION 1.02. Amends Section 16.252(a), Education Code, to provide that the definition of "TR" is a tax rate which for each hundred dollars of valuation is \$0.90.

SECTION 1.03. Amends Section 16.009, Education Code, as follows:

Sec. 16.009. REVENUE LIMIT. (a) Prohibits an ad valorem tax levied by a school district from exceeding a rate that produces revenues in excess of certain amounts.

(b) Provides that a district's transportation, technology, and career ladder allotments are not to be considered in calculating total revenue under this section.

SECTION 1.04. Provides that an amendment made by this article to Chapter 16, Education Code, prevails over any conflicting amendment made by Article 3 of this Act.

SECTION 1.05. Provides that this article takes effect on the date which the constitutional amendment proposed by S.J.R. No. 7, 73rd Legislature, Regular Session, takes effect, and that this article has no effect if that constitutional amendment is not adopted by the voters.

ARTICLE 2.

SECTION 2.01. Amends Section 16.101, Education Code, to set the amount of the basic allotment for each student in average daily attendance (ADA) at \$2,470 for the 1993-1994

school year, \$2,570 thereafter, or a greater amount adopted by the foundation school fund budget committee.

SECTION 2.02. Amends Section 16.251(b), Education Code, to make conforming changes.

SECTION 2.03. Amends Section 1.252, Education Code, as follows:

Sec. 16.252. New title: **BASIC GUARANTEED YIELD.** (a) Defines "BGY," "BA," and "maximum CEDTR."

(b) Provides the formula for determining the basic guaranteed yield per penny of tax rate for each student in ADA in a county education district (CED) that levies an ad valorem tax to support tier one of the foundation school program (program).

(c) Authorizes a component school district of a CED that levies a tax at a rate lower than the maximum CED rate to levy a school district tax at a rate that, when combined with the CED tax, equals the maximum CED tax rate. Provides the formula for determining the basic guaranteed yield for such a school district.

(d) Provides the formula for determining the basic guaranteed yield per penny of tax rate for each student in ADA in a school district that is a component of a CED that does not levy an ad valorem tax to support tier one of the foundation school program (program).

(e) Reletters previous Subsection (b) and makes nonsubstantive changes.

(f) Reletters previous Subsection (c).

(g) Reletters previous Subsection (d) and makes conforming changes.

(h) Reletters previous Subsection (e) and makes conforming changes.

SECTION 2.04. Amends Sections 16.501(d) and (e), Education Code, to make conforming changes.

SECTION 2.05. Amends Section 16.009, Education Code, as follows:

Sec. 16.009. REVENUE LIMIT. (a) Defines "basic allotment" and "BA," "GL," and "MECR."

(b) Prohibits an ad valorem tax levied by a school district that is a component of a CED that imposes the maximum CED tax rate from exceeding certain limits set by this subsection.

(c) Prohibits an ad valorem tax levied by a school district that is a component of a CED that does not levy an ad valorem tax, or that levies an ad valorem tax at a rate lower than the maximum CED tax rate, from exceeding certain limits set by this subsection.

(d) Provides that a school district's transportation, technology, and career ladder allotments are not to be considered in calculating total revenue under this section.

(e) Provides for the calculation of the number of weighted students in average daily attendance.

SECTION 2.06. Amends Section 20.943(a), Education Code, to provide for a board of trustees for a CED that is composed of only one component school district.

SECTION 2.07. Amends Chapter 20G, Education Code, by adding Section 20.9442, as follows:

Sec. 20.9442. TAX AUTHORIZATION ELECTION. (a) Requires the board of trustees of each CED to order an election to be held on June 19, 1993, to determine whether or not the district will be authorized to levy a tax not exceeding \$0.90 per \$100 valuation of property in the district.

(b) Provides the language for the ballot.

(c) Provides for the conduction of the election by each component school district. Provides that the proposition is approved only if the majority of the votes in the sum of the school districts favors the proposition.

(d) Authorizes the board of trustees, if a majority of votes are cast against the proposition, to call another election for the same purpose after the expiration of 60 days after the date of the prior election.

(e) Provides that this section does not apply to a CED composed of only one school district.

SECTION 2.08. Amends Section 20.945(a), Education Code, to require the board of trustees of a CED, if authorized at an election under this code, to levy a tax for the support of that district's component school districts at a rate not exceeding the authorized rate.

SECTION 2.09. Amends Sections 20.946(a), (b), (c), and (f), Education Code, to make conforming and nonsubstantive changes.

SECTION 2.10. Amends Section 20.947, Education Code, as follows:

Sec. 20.947. **AUTHORITY OF COMPONENT SCHOOL DISTRICTS.** (a) Makes conforming changes.

(b) Provides that a school district that is the single component of a CED retains its authority to tax, and requires that revenue raised by the district by a tax rate of \$0.90 per \$100 valuation or lower be treated as if it were revenue raised by a CED for Foundation School Program funding purposes.

SECTION 2.11. Amends Sections 20.950(a), (b), (c), and (f), Education Code, to make conforming and nonsubstantive changes.

SECTION 2.12. Amends Sections 20.951(a), (b), (c), and (f), Education Code, to make conforming and nonsubstantive changes.

SECTION 2.13. Repealer: Section 20.948, Education Code.

SECTION 2.14. Provides that an amendment made by this article to Chapter 16 or 20, Education Code, prevails over any conflicting amendment made by Article 3 of this Act.

SECTION 2.15. Provides that this article takes effect May 1, 1993, if the constitutional amendment proposed by S.J.R. No. 7, 73rd Legislature, Regular Session, is not adopted by the voters on that date. Provides that this article has no effect if that constitutional amendment is adopted by the voters.

ARTICLE 3.

SECTION 3.01. Amends Chapter 16, Education Code, as follows:

CHAPTER 16. FOUNDATION SCHOOL PROGRAM SUBCHAPTER A. GENERAL PROVISIONS

Deletes Sec. 16.009. **REVENUE LIMIT.**

Sec. 16.011. **NOTICE OF YIELDS TO BE PUBLISHED.** (a) Amends the notice of comparable tax rates and revenues required to be published by a school district to provide that state law does not require a school district to adopt taxes that are in addition to CED taxes. Makes a nonsubstantive change.

SUBCHAPTER C. BASIC ENTITLEMENT

Sec. 16.101. **BASIC ALLOTMENT.** Makes conforming changes.

Sec. 16.102. **COST OF EDUCATION ADJUSTMENT.** Makes conforming changes.

Sec. 16.103. **SMALL DISTRICT ADJUSTMENT.** (a) Makes a conforming change.

(b) Provides the formula for adjusting the basic allotment, rather than the average daily attendance as previously, for certain sparsely populated school districts.

Sec. 16.1031. USE OF SMALL DISTRICT ADJUSTMENT IN CALCULATING SPECIAL ALLOTMENTS. Deletes language providing that this section expires September 1, 1993.

Sec. 16.104. SPARSITY ADJUSTMENT. Deletes language providing that this section expires September 1, 1993.

SUBCHAPTER D. SPECIAL ALLOTMENTS

Sec. 16.151. SPECIAL EDUCATION. (a) Reduces from 12 to 7 the number of special education weights by combining several of the weights in a combined arrangement weight and reduces the amount of each of the weights.

(c) Provides for the weights to be grouped in the combined arrangement.

(f) Deletes this subsection, which defined "full time equivalent."

(k) Makes conforming changes.

Sec. 16.152. COMPENSATORY EDUCATION ALLOTMENT. Makes nonsubstantive and conforming changes.

Sec. 16.155. VOCATIONAL EDUCATION ALLOTMENT. Makes a nonsubstantive change.

SUBCHAPTER F. ACCOUNTABLE COSTS OF EDUCATION

Deletes Sec. 16.206. COST ADJUSTMENTS.

SUBCHAPTER G. FINANCING THE PROGRAM

Sec. 16.252. LOCAL SHARE OF PROGRAM COST (TIER ONE). (a) Makes a conforming change to the definition of "TR."

(b) Makes a conforming change.

Sec. 16.254. DISTRIBUTION OF FOUNDATION SCHOOL FUND. (a) Requires the commissioner of education (commissioner), for each school year, to make certain determinations relating to funds for school districts.

(b) Requires the commissioner to base the determinations on the estimates provided to the legislature under this code.

(c) Provides for the amount to which each school district is entitled.

(d) Requires the commissioner to approve warrants to each school district equaling the amount of its entitlement, with exceptions. Requires warrants expended accorded according to the provisions of this chapter to be approved and transmitted to treasurers or depositories of school districts in the manner that warrants for state payments are transmitted.

(e) Requires the commissioner to recompute the amount to which a school district is entitled if the district's tax rate is less than the authorized limit or if the commissioner has knowledge that the district's ADA is less than the number used for the ADA estimate. Prohibits the amount to which a district is entitled under this section from exceeding certain limits. Requires the commissioner to approve warrants in the amount that results from the new computation. Requires an amount equal to the difference between the initial allocation and the amount of the warrants to be transferred to a special reserve account in the foundation school fund.

(f) Provides for the use of the special reserve account established under Subsection (e) to finance increases in allocations to school districts. Requires the commissioner, if the amount in the reserve account is less than the amount of the increases, to certify the amount of the difference to the foundation school fund budget committee by a certain date. Requires the committee to propose to the legislature that the certified amount be transferred to the foundation school fund from the economic stabilization fund.

(g) Provides for an equitable distribution to school districts of available funds if the legislature fails to enact the transfer and appropriation proposed under Subsection (f).

(h) Requires the commissioner, not later than January 1 each year, to compare the amount to which each district is entitled under the allocation formula and compare that amount to the amount of the warrants issued to each district for that year. Requires the entitlement for the next year to be adjusted to reflect any difference between the entitlement and the warrants.

(i) Authorizes the legislature to appropriate from funds the comptroller finds available, at any time during a fiscal year, funds necessary for increases under Subsection (h).

(j) Requires the commissioner to compute for and certify to each school district the total amount by which the district's allocation of state funds is increased or reduced under Subsection (h).

(k) Provides for increases in school district entitlements in any year in which the amount in the reserve account exceeds the amount necessary for adjustments under this section.

(l) Requires the commissioner to compute for and certify to each school district the amount, if any, by which the district's total revenue is reduced from one school year to the next because of a change in the method of finance under this chapter.

Sec. 16.2541. ESTIMATES REQUIRED. (a) Requires the Central Education Agency and the comptroller of public accounts, not later than October 1 of each even-numbered year, to submit to the foundation school fund budget committee and the legislature certain estimates.

(b) Requires the Central Education Agency and the comptroller of public accounts to update the information provided to the legislature not later than March 1 of each odd-numbered year.

Sec. 16.256. FOUNDATION SCHOOL FUND BUDGET COMMITTEE. (f) Makes a nonsubstantive change.

Deletes Subsection (g) relating to the funding elements adopted by the foundation school fund budget committee for the 1993-1994 and 1994-1995 school years.

SUBCHAPTER H. GUARANTEED YIELD PROGRAM (TIER TWO)

Sec. 16.302. ALLOTMENT. Makes conforming changes.

Sec. 16.303. LIMITATION ON ENRICHMENT AND FACILITIES TAX RATE. Decreases from \$0.45 to \$0.40 per \$100 of valuation the maximum at which the district enrichment and facilities tax rate may be set. Makes a conforming change.

SUBCHAPTER J. COUNTY EDUCATION DISTRICT DISTRIBUTIONS

Sec. 16.501. TIER ONE. (c) Makes conforming changes.

SECTION 3.02. Amends Chapter 20G, Education Code, as follows:

SUBCHAPTER G. COUNTY EDUCATION DISTRICTS

Sec. 20.943. GOVERNANCE. (b) Makes a conforming change.

Sec. 20.946. RESIDENCE HOMESTEAD EXEMPTIONS. (a), (b), (c) and (f) Make conforming changes.

Sec. 20.950. DISABLED AND ELDERLY HOMESTEAD EXEMPTIONS. (a), (b), and (f) Make conforming changes.

Sec. 20.951. TANGIBLE PERSONAL PROPERTY. (a), (b), and (f) Make conforming changes.

SECTION 3.03. Provides that this article applies beginning with the 1993-1994 school year.

ARTICLE 4.

SECTION 4.01. Emergency clause.
Effective date: upon passage.

BILL ANALYSIS

Senate Research Center

C.S.S.B. 7
By: Ratliff
Education
5-11-93
Committee Substitute

BACKGROUND

Texas' method of financing its public school system has been challenged in recent years on the grounds that it unfairly discriminates against students in property poor districts. The Texas Supreme Court, in a series of opinions, has declared Texas' school finance system unconstitutional and has ordered the state to devise a new funding plan. The most recent Supreme Court decision gave the Texas Legislature until June 1, 1993, to enact the new plan. State District Judge Scott McCown, in whose court the lawsuit originated, issued an order on January 11, 1993, that will prohibit the comptroller of public accounts from sending funds to the state's school districts if the legislature has not enacted a plan by the Supreme Court's deadline.

PURPOSE

As proposed, C.S.S.B. 7 provides for the creation of an equitable method of financing Texas' public education system.

RULEMAKING

It is the committee's opinion that this bill does not grant any additional rulemaking authority to any state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 16, Education Code, as follows:

CHAPTER 16. FOUNDATION SCHOOL PROGRAM SUBCHAPTER A. GENERAL PROVISIONS

Sec. 16.006. AVERAGE DAILY ATTENDANCE. (a) Provides that average daily attendance (ADA) is the quotient of the sum of attendance for each day of the minimum school year as described in this code and for each day approved by the commissioner of education for an extended year program divided by the number of days in the minimum school year.

Sec. 16.007. PUBLIC EDUCATION INFORMATION MANAGEMENT SYSTEM (PEIMS). (a) and (c) Delete provisions relating to county education districts.

Sec. 16.008. EQUALIZED FUNDING ELEMENTS. Makes a nonsubstantive change.

Deletes Sections 16.009 (Revenue Limit), 16.010 (Definition), and 16.011 (Notice of Yields to be Published), relating to county education districts.

SUBCHAPTER B. REQUIREMENTS FOR DISTRICT PARTICIPATION IN THE FOUNDATION SCHOOL PROGRAM FUND

Sec. 16.052. OPERATION OF SCHOOLS; TEACHER PREPARATION AND STAFF DEVELOPMENT. (a) Requires each school district to provide for not less than three days of preparation before the beginning of the school term and four days of staff development training during the regular school term.

(b) and (c) Make conforming changes.

Sec. 16.054. STUDENT/TEACHER RATIOS; CLASS SIZE. (f) Requires each school committee established under this code, not later than the 45th day after the first day of the school year, to file a written report with the school district that states the

class size of each class in the school. Requires each school district, not later than the 60th day after the first day of the school year, to forward the reports to the commissioner.

Sec. 16.055. COMPENSATION OF PROFESSIONAL AND PARAPROFESSIONAL PERSONNEL. (a) and (b) Make conforming changes.

Sec. 16.056. New title: TEXAS PUBLIC EDUCATION COMPENSATION PLAN FOR ADMINISTRATIVE AND SUPERVISORY PERSONNEL. (a) Makes a conforming change.

(b) Deletes language relating to certification of teachers in a vocational field.

(d) Deletes certain personnel from the position classification scale.

Sec. 16.0561. New title: DUTIES OF COMMISSIONER AND STATE BOARD OF EDUCATION CONCERNING PERSONNEL COMPENSATION AND CERTIFICATION. Creates this subsection from existing Section 16.056(e). Makes conforming changes.

(b) Creates this subsection from existing Section 16.056(f). Makes conforming changes.

(c) Creates this subsection from existing Section 16.056(g). Makes conforming changes.

Deletes Section 16.056(h).

Sec. 16.0562. MINIMUM SALARY SCHEDULE FOR SPECIFIED PERSONNEL OTHER THAN ADMINISTRATIVE OR SUPERVISORY PERSONNEL. (a) Defines "FSP," "ADA," and "SF."

(b) Requires that personnel listed under Subsection (e) of this section be paid not less than the monthly salary, based on years of experience, determined by a specified formula.

(c) Provides the salary factors per step for purposes of the formula in Subsection (b).

(d) Requires that each individual advance one step per year of experience until step 20 is reached. Provides that a vocational teacher is entitled to teaching experience credit for each year, up to a maximum of two years, of work experience required for certification in a vocational field.

(e) Sets forth the pay schedule for certain personnel.

(f) Requires a district, in determining the placement of a teacher on the schedule under this section, to credit the teacher for each year of experience whether or not the years are consecutive.

Sec. 16.057. New title: SALARY OF TEACHER FORMERLY ON CAREER LADDER. Provides that a teacher who received a career ladder salary supplement is entitled to the greater of certain specified amounts, notwithstanding Section 16.0562 of this code.

SUBCHAPTER C. BASIC ENTITLEMENT

Sec. 16.101. BASIC ALLOTMENT. Provides that a district is entitled to an allotment of \$2,450 per student in ADA or a greater amount adopted by the foundation school fund budget committee. Provides that a different, rather than greater, amount for any school year may be provided by appropriation.

Sec. 16.102. COST OF EDUCATION ADJUSTMENT. (a) Makes a conforming change.

(b) Requires the foundation school fund budget committee, beginning with the 1995-1996 school year, to determine the cost of education adjustments under Section 16.256 of this code. Makes conforming and nonsubstantive changes.

Sec. 16.103. SMALL DISTRICT ADJUSTMENT. (a) Makes a conforming change.

(b) and (c) Provide the formula for adjusting the basic allotment, rather than the average daily attendance as previously, for certain sparsely populated school districts.

Sec. 16.1031. USE OF SMALL DISTRICT ADJUSTMENT IN CALCULATING SPECIAL ALLOTMENTS. Deletes language providing that this section expires September 1, 1993.

Sec. 16.104. SPARSITY ADJUSTMENT. Makes a conforming change and deletes language providing that this section expires September 1, 1993.

SUBCHAPTER D. SPECIAL ALLOTMENTS

Sec. 16.151. SPECIAL EDUCATION. (a) Provides for the amount of the adjusted basic allotment for each student in mainstream instructional arrangement and each student in an instructional arrangement other than a mainstream instructional arrangement. Reduces from 12 to 10 the number of special education weights and reduces the individual amounts of eight of the weights.

(b) Makes conforming changes.

(c) Provides for certain weights to be grouped in a combined arrangement, beginning with the 1995-1996 school year.

(d) Limits the number of contact hours credited per day for each student under the combined arrangement from exceeding certain amounts, beginning with the 1995-1996 school year.

(e) Requires the State Board of Education (board), in prescribing the qualifications that a mainstream instructional arrangement must meet, to require that the arrangement provide to eligible students with disabilities special education services in the regular classroom with any necessary direct or indirect special education support.

(j) Deletes language requiring the Central Education Agency to provide transitional support for the movement of students from totally self contained to partially self contained instructional arrangements.

(k) Authorizes the commissioner to reduce the special education allotment the district receives to the level to which the district would be entitled if the district's ratio was not more than 25 percent higher than the statewide average ratio. Makes conforming changes.

(l) Provides for funding for a school district that provides an extended year program required by federal law for special education students who may regress.

(m) Requires the commissioner to withhold, from the total amount of funds appropriated for special education under this section, an amount specified in the General Appropriations Act and distribute it to school districts for programs under Section 21.513 of this code. Provides that the program established under that section is required only in school districts in which the program is financed by funds distributed under this section and any other funds available for the program. Provides for the allocation of funds.

Sec. 16.152. COMPENSATORY EDUCATION ALLOTMENT. Makes nonsubstantive changes.

Sec. 16.155. VOCATIONAL EDUCATION ALLOTMENT. Makes nonsubstantive changes.

Deletes Sec. 16.158. CAREER LADDER ALLOTMENT.

SUBCHAPTER F. ACCOUNTABLE COSTS OF EDUCATION

Sec. 16.202. STUDIES. Makes a conforming change.

Deletes Sec. 16.204. NAVAL MILITARY FACILITY IMPACT.

Deletes Sec. 16.206. COST ADJUSTMENTS.

SUBCHAPTER G. FINANCING THE PROGRAM

Sec. 16.251. FINANCING; GENERAL RULE. Makes conforming changes.

Sec. 16.252. LOCAL SHARE OF PROGRAM COST (TIER ONE). Makes conforming changes.

Sec. 16.254. DISTRIBUTION OF FOUNDATION SCHOOL FUND. (a) Requires the commissioner of education to determine certain amounts of money to be allocated to certain districts.

(b) Requires the commissioner to base the determinations under Subsection (a) on the estimates provided to the legislature under Section 16.2541 for each school district for each school year or different estimates provided by the General Appropriations Act.

(c) Provides that each school district is entitled to an amount equal to the difference for that district between the sum of Subsections (a)(1) and (a)(2) and the sum of Subsections (a)(3), (a)(4), and (a)(5).

(d) Requires the commissioner to approve warrants to each school district equaling the amount of its entitlement except as provided by this section. Requires warrants for all money expended according to this chapter to be approved and transmitted to the treasurers or depositories of school districts in the same manner that warrants for state payments are transmitted.

(e) Requires the commissioner to recompute the amount to which the district is entitled under Subsection (c) if a school district's tax rate is less than the limit authorized under this subsection. Sets forth the method for determining districts' entitlements based on taxable value of property per weighted student in ADA in comparison with the state average. Requires the commissioner to recompute the amount to which a district is entitled to the extent necessary under this section. Requires the commissioner to approve warrants to the school in the amount that results from the new computation. Requires an amount equal to the differences between the initial allocation and the amount of the warrants to be transferred to a special account in the foundation school fund known as the reserve account.

(f) Sets forth the use for the funds of the amounts transferred to the reserve account. Requires the commissioner to certify the amount of the difference to the foundation school fund budget committee not later than January 1 of the second year of the fiscal biennium if the amount in the reserve account is less than the amount of the increase under Subsection (i). Requires the committee to propose to the legislature that the certified amount be transferred to the foundation school fund from the economic stabilization fund and appropriated for the purpose of increases in allocations under Subsection (h).

(g) Authorizes the commissioner to adjust funding to a district in a school year to the extent that funds are available for that year, including funds in the reserve account, if the district demonstrates to the satisfaction of the commissioner that the estimate of the district's tax rate, student enrollment, or taxable value of property used in determining the amount of state funds to which the district is entitled are so inaccurate as to result in undue financial hardship to the district. Prohibits the funds in the reserve account from being used under this subsection until any reserve funds have been used for purposes of Subsection (f).

(h) Requires the commissioner to reduce the total amount of state funds allocated to each district by an amount determined by a method under which the application of the same number of cents of increase in tax rate in all districts applied to the taxable value of property of each district results in a total levy equal to the total reduction, if the legislature fails to enact the transfer and appropriation under Subsection (f) and there are not funds available under Subsection (j). Provides that the following fiscal year, a district's entitlement under this section is increased by an amount equal to the reduction made under this subsection.

(i) Requires the commissioner to determine the actual amount of state funds to which each school district is entitled under the allocation formulas for the current school year and to compare that amount with the amount of the warrants issued to each district for that year by March 1 of each year. Requires the commissioner to adjust the district's entitlement for the next fiscal year if the amount of the warrants differs from the amount to which a district is entitled for certain other considerations.

(j) Authorizes the legislature to appropriate funds necessary for increases under Subsection (k) from funds that the comptroller, at any time during the fiscal year, finds are available.

(k) Requires the commissioner to compute for each school district the total amount by which the district's allocation of state funds is increased or reduced under Subsection (i) and to certify that amount to the district.

(l) Requires the commissioner to compute for each district the total amount by which the district's total revenue is reduced from one school year to the next because of a change in the method of finance under this chapter. Requires the commissioner to certify the amount of the reduction to the school district for use in determining the school district's rollback rate under Section 26.08, Tax Code.

(m) Sets forth the method for determining the number of WADAs.

Sec. 16.2541. ESTIMATES REQUIRED. (a) Sets forth estimates to be submitted by the Central Education Agency and the comptroller by October 1 of each even numbered year.

(b) Requires the Central Education Agency and the comptroller to update the information provided to the legislature under Subsection (a) by March 1 of each odd-numbered year. Deletes language regarding certain duties of the commissioner of education.

Sec. 16.256. FOUNDATION SCHOOL FUND BUDGET COMMITTEE. (a) Makes a nonsubstantive change.

(b) Requires the budget committee to determine and certify to the comptroller an amount of money to be placed in the foundation school fund for the succeeding biennium on or before December 1, rather than November 1, before each regular session.

(f) Makes a conforming change.

Sec. 16.260. FOUNDATION SCHOOL FUND TRANSFERS. (c) and (d) Make nonsubstantive changes.

SUBCHAPTER H. GUARANTEED YIELD PROGRAM (TIER TWO)

Sec. 16.302. ALLOTMENT. (a) Provides that for each WADA, each district is guaranteed a specified amount in state and local funds for each cent of tax effort over the tax effort required for tier one local fund assignment under Section 16.252 of this code up to the maximum level specified in this subchapter. Provides that for each cent of tax effort under this section up to 30 cents, a district is entitled to an amount equal to \$20 per WADA. Sets forth the formula for determining the amount per WADA a district is entitled to for each incremental cent of the tax effort greater than 30 cents and up to 60 cents. Deletes formula for determining previous state support.

(b) Deletes language defining "WADA" and regarding career ladder supplements.

(c) Authorizes the funding elements provided by this section to be increased by the foundation school fund budget committee or modified by appropriation. Deletes definition of "DTR" and "LR." Deletes language regarding program cost differentials.

Sec. 16.303. LOCAL SHARE OF PROGRAM COST (TIER TWO). Sets forth the formula for determining each school district's share of program costs under this subchapter. Deletes language regarding limitation on enrichment and facilities tax rate.

SUBCHAPTER I. CAPITAL OUTLAY AND DEBT SERVICE

Deletes existing Subchapter J (County Education District Distributions).

SECTION 2. Amends Section 11.86(a), Education Code, to make conforming changes.

SECTION 3. Amends the heading to Chapter 13E, as follows:

SUBCHAPTER E. TEACHER APPRAISAL

SECTION 4. Amends Sections 13.302(a), (c), and (f), Education Code, as follows:

(a) Deletes a reference to a career ladder program.

(c) Requires an appraiser to be the teacher's supervisor or a person approved by the board of trustees. Deletes provisions authorizing a school district to use more than one appraiser.

(f) Makes conforming changes.

SECTION 5. Amends Chapter 13E, Education Code, by adding Section 13.3021, as follows:

Sec. 13.3021. TEACHER APPRAISAL ADVISORY COMMITTEE. (a) Provides that the teacher appraisal advisory committee consists of 16 members appointed by the foundation school fund budget committee. Sets forth guidelines for the appointment of the members to the advisory committee.

(b) Requires the advisory committee to study different methods of appraising teachers and to recommend to the board any necessary changes in the appraisal process developed under Section 13.302.

(c) Provides that committee members hold office for two-year terms expiring February 1 of each odd-numbered year. Requires the foundation school budget committee, in the event of a vacancy during a term, to appoint a replacement member who meets the qualifications of the vacated position to fill the unexpired portion of the term.

(d) Requires the committee to select one of its members to serve as presiding officer for a term of one year.

(e) Prohibits a committee member from receiving compensation for serving on the committee. Provides that a member is not entitled to reimbursement for travel expenses while serving on the committee.

SECTION 6. Amends Sections 13.303(a) and (c), Education Code, as follows:

(a) Makes conforming changes.

(c) Requires an appraisal to be done at least once during each school year. Makes conforming changes.

SECTION 7. Amends Section 13.304, Education Code, to make conforming and nonsubstantive changes.

SECTION 8. Amends Section 13.912(a), Education Code, to make conforming changes.

SECTION 9. Amends Sections 14.063(b) and (e), Education Code, as follows :

(b) Provides that each school district is entitled to an annual allotment for the purposes provided under Section 14.064 equal to its unadjusted ADA multiplied by \$30 or a greater amount provided by appropriation. Deletes a schedule of dollar amounts by which the allotment is to be multiplied for various school years.

(e) Makes conforming changes.

SECTION 10. Amends Chapter 19B, Education Code, by adding Section 19.028, as follows:

Sec. 19.028. DETACHMENT AND ANNEXATION TO REDUCE VARIATIONS IN PROPERTY VALUE. (a) Requires the commissioner, to the extent necessary to reduce variations in property value per student among school districts, for each school, with the approval of the foundation school budget committee, to order the detachment of all or a portion of property from a district and the annexation of the property to one or more other districts, without regard to whether the property is contiguous to the district to which the property is annexed. Provides that a detachment and annexation of real property applies to the taxable personal property having taxable situs in the same location as the real property. Requires the taxable value of the property, if property is annexed to more than one school district, to be apportioned among those school districts as determined by the commissioner.

(b) Authorizes the commissioner to detach and annex property only under certain conditions.

(c) Authorizes property to be detached from a school district only to the extent that, in accordance with a determination of the commissioner, the total amount of taxes per WADA that the district can impose for maintenance and operation of the district at an effective tax rate of \$1.50 on the \$100 valuation of taxable property applied to the taxable value of property in the district after detachment is not less than the amount of taxes per WADA spent by the district in the 1992-93 school year for maintenance and operation, excluding reserves for facilities.

(d) Requires the commissioner, in making a determination, to consider the likelihood that the property would need to be transferred again, so that further detachment and annexation of the property may be minimized.

(e) Requires the commissioner, in considering to which school districts and property detached should be annexed, to give preference to districts that, following annexation, would have a taxable value of property per WADA at or below the lowest level for which funds are provided under Chapter 16H. Requires the commissioner, in making a selection among those districts or among other districts eligible to have property annexed, to give priority to school districts in a specific order.

(f) Requires the commissioner to report to the foundation school budget committee a determination of any detachments and annexations of property to be made not later than July 15 of each year. Requires the committee, not later than July 30, to approve the commissioner's determination or to specify to the commissioner its objections. Requires the commissioner, within 10 days, to submit a revised determination to the committee. Requires the committee to respond to the revised determination within the following 10 days. Requires the committee and the commissioner to continue on that schedule until the committee approves a determination. Requires the commissioner, as soon as practicable, to notify each affected school district and the appraisal district in which the affected property is located of the determination.

(g) Provides that a decision or determination of the commissioner or the committee is final and not appealable. Provides that a detachment or annexation action taken under this chapter does not affect a decision of the commissioner under this section. Provides that the Administrative Procedure and Texas Register Act does not apply to a decision of the commissioner or the committee under this section.

(h) Provides that detachment and annexation takes effect beginning with the school year that begins in the calendar year in which the detachment and annexation determination is made. Provides that a detachment and annexation of property applies to the ad valorem taxation of the property beginning with the tax year in which the detachment and annexation is made. Provides that in that tax year, the property is not taxable by the school district from which it was detached.

(i) Authorizes a student who is a resident of the area in which the property being detached from a school district is located to choose to attend school in that district or in the district to which the property is being annexed. Requires the student to be counted in the district to which the property is being annexed for ADA computation purposes. Requires the state, if the student chooses to attend school in the district from which the property is being detached, to withhold any foundation school funds from the district to which the property is being annexed and to allocate to the district in which the student is attending school those funds and the amount of funds equal to the difference between the state funds the district is receiving for the student and the district's cost in educating the student.

(j) Requires a school district, if, before detachment, the district from which the property is detached has authorized the levy of a tax to pay the principal and interest on bonds, to continue to levy that tax on the detached property until the bonds have been retired. Prohibits the district to which the property was annexed from levying on that property a tax to pay the principal and interest on bonds issued before the property was annexed. Authorizes the commissioner, in determining to which district to annex property detached, to consider the extent to which the district from which the property is detached is levying a tax on that property to pay principal and interest on bonds.

(k) Requires the chief appraiser of each appraisal district to cooperate with the commissioner in implementing this section.

(l) Provides that for the purposes of this section, the number of WADA is the number estimated by the commissioner for the succeeding school year, and the taxable value of property is determined as provided by Section 11.86.

SECTION 11. Amends Section 20.09, Education Code, as follows:

Sec. 20.09. TAX LIMITATIONS. (a) Prohibits a school district from imposing a tax rate on the \$100 valuation of property that results in a levy for maintenance and operation of the district that exceeds \$1.50. Deletes a rate schedule for specific years.

(b) Makes conforming changes. Deletes existing Subsections (c) and (d).

SECTION 12. Amends Section 20.86(b), Education Code, to make conforming changes.

SECTION 13. Amends Section 20.88, Education Code, to make conforming changes.

SECTION 14. Amends Section 21.032(c), Education Code, as follows:

(c) Requires a student enrolled in a public school district, unless specifically exempted, to attend an extended year program provided by a school district for which the student is eligible or tutorial classes required by the district. Requires a district to provide transportation services to students required to attend an extended year program provided by a school district in the same manner as during the regular school year. Makes conforming changes.

SECTION 15. Amends Section 21.502, Education Code, to amend the definition of "special teaching."

SECTION 16. Amends Section 21.506(b), Education Code, to make conforming changes.

SECTION 17. Amends Chapter 21N, Education Code, by adding Section 21.513, as follows:

Sec. 21.513. PILOT PROGRAM FOR INCLUSION. Requires the Central Education Agency to establish procedures and criteria for the allocation of funds appropriated to school districts selected by the agency to establish a pilot program for the inclusion of students with disabilities in the regular classroom so that those students may receive an appropriate free public education in the least restrictive environment.

SECTION 18. Amends Subchapter O, Chapter 21, Education Code, by adding Section 21.562. **OPTIONAL EXTENDED YEAR PROGRAM.** (a) Authorizes a school district to apply to the commissioner for approval to provide an extended year program for a period not to exceed 30 days for students in kindergarten through grade eight who are identified as likely not to be promoted to the next grade level for the succeeding school year.

(b) Authorizes the commissioner to adopt rules for the administration of programs provided under this section.

(c) Prohibits a district from enrolling more than 12 students in a class provided by this section.

(d) Requires each class provided by this section to be taught by a teacher who has successfully completed a program that provides training to teach a class under this section and that satisfies standards the commissioner establishes.

(e) Requires a student who attends at least 85 percent of the program days of a program to be promoted to the next grade level. Requires the principal, as soon as practicable after receiving the request from a parent, to hold a formal meeting with the student's parent, extended year program teacher, and counselor. Requires the principal, teacher, or counselor, during the meeting, to explain the longitudinal statistics on the academic performance of students who are not promoted to the next grade level and provide information on the effect of retention on a student's self-esteem and on the likelihood of a student dropping out of school. Authorizes the parent, after the meeting, to withdraw the request that the student not be promoted to the next grade level. Requires the student to be promoted if the parent withdraws the request. Requires the school district to continue to use innovative practices to ensure that the student is successful in school in succeeding years if the student is promoted.

(f) Requires a school district that provides a program under this section to adopt a policy designed to lead to immediate reduction and ultimate elimination of student retention.

(g) Authorizes a school district to apply for approval under this section only for a pilot program for students in grade level one for the 1993-94 school year and only for a pilot program for students in grade levels one and two for the 1994-95 school year. Prohibits the state share of the pilot program from exceeding the amount appropriated for program purposes. Authorizes funds provided to a pilot program to be used for transportation of eligible students. Provides that this subsection expires September 1, 1995.

SECTION 19. Amends Section 1.04(12), Tax Code, to make conforming changes to the definition of "taxing unit."

SECTION 20. Amends Section 6.02, Tax Code, by amending Subsections (b) and (f), and adding Subsection (g), as follows:

(b) Provides that the choice of a school district to participate in a single appraisal district does not apply to property annexed to the school district under Section 19.028, Education Code, unless the school district taxes property other than property annexed to the district under Section 19.028, Education Code, in the same county as the annexed property, or the annexed property is contiguous to property in the school district other than the property annexed to the district under Section 19.028, Education Code.

(f) Provides that all costs of operating an appraisal district in territory outside the county for which the appraisal district is established are allocated to the taxing unit for which the appraisal district appraises property in that territory. Makes conforming changes.

(g) Requires the appraisal district established for a county to which property is annexed under Section 19.028, Education Code, to appraise the property for the school district. Provides that the school district participates in that appraisal district for purposes of the appraisal of that property, except as otherwise permitted by Subsection (b).

SECTION 21. Amends Sections 6.03(c)-(e), Tax Code, to make conforming changes.

SECTION 22. Amends Sections 6.06(d) and (h), Tax Code, to make conforming changes.

SECTION 23. Amends Sections 11.13(d), (e), (m), and (n), Tax Code, to make conforming changes.

SECTION 24. Amends Sections 11.14(c) and (e), Tax Code, to make conforming changes.

SECTION 25. Amends Section 21.01, Tax Code, to make a conforming change.

SECTION 26. Amends Section 21.02, Tax Code, as follows:

(a) Makes conforming changes.

(b) Provides for the taxation of personal property having taxable situs.

SECTION 27. Amends Section 25.25, Tax Code, by adding Subsection (h), to require the chief appraiser to change the appraisal records and school district appraisal rolls promptly to reflect the detachment and annexation of property among school districts under Section 19.028, Education Code.

SECTION 28. Amends Section 317.005(f), Government Code, to make a conforming change.

SECTION 29. Amends Section 822.201(b), Government Code, to make conforming changes.

SECTION 30. Amends Sections 825.405(a) and (b), Government Code, to make conforming changes.

SECTION 31. Amends Chapter 825E, Government Code, by adding Section 825.4051, as follows:

Sec. 825.4051. CONTRIBUTIONS BY CERTAIN SCHOOL DISTRICTS. (a) Requires a school district with a taxable value of property greater than \$280,000 per

student in ADA or an amount provided by appropriation to pay the state contributions to the retirement system for each employee of the district who is a member of the retirement system under rules adopted by the comptroller.

(b) Provides that the state guarantees a district's full and timely payment of the district's obligation to the retirement system under this section and may take action to enforce that obligation.

(c) Requires a district to pay the state contributions under this section to the greatest extent that permits the district, by imposing an effective tax rate of \$1.50 on the \$100 valuation of taxable property, to have available the same amount of revenue per student in WADA for maintenance and operation of the district, excluding certain reserves, that the district spent in the 1992-1993 school year.

(d) Provides that a determination of the commissioner under this section is final and not appealable. Provides that the Administrative Procedure and Texas Register Act does not apply to a determination of the commissioner under this section.

SECTION 32. Repeals the following provisions relating to county education districts:

(1) Sections 1.05, 13.0321(c), 13.035(c), 13.301, 13.305, 13.306(b), and 13.307-13.323, Education Code;

(2) Chapter 20G, Education Code; and

(3) Sections 6.061(f), 26.12(e), and 312.002(e), Tax Code.

SECTION 33. Requires the commissioner, notwithstanding Section 19.028(c), Education Code, as added by this Act, to make determinations and notify each affected school district in a timely manner, in the case of detachment and annexation of property for the 1993-1994 school year.

SECTION 34. Provides that it is the intent of the 73rd Legislature that, in case of a conflict, the funding provisions for an optional extended year program as provided by this Act, control over any other funding provisions for the program enacted by the 73rd Legislature during its regular session.

SECTION 35. Requires certain determinations to be made based on estimates provided by the Legislative Budget Board model run, number ____.

SECTION 36. Abolishes CEDs effective September 1, 1993.

SECTION 37. Provides for the transfer of records and assets of CEDs.

SECTION 38. Provides that this Act applies to taxes imposed on or after January 1, 1993. Provides that changes in the funding of public schools and compensation of school district personnel made by this Act apply beginning with the 1993-1994 school year.

SECTION 39. Emergency clause.

Effective date: upon passage.

BILL ANALYSIS

Senate Research Center

S.B. 7
By: Ratliff
Education
8-18-93
Enrolled

BACKGROUND

Texas' method of financing its public school system has been challenged in recent years on the grounds that it unfairly discriminates against students in property poor districts. The Texas Supreme Court, in a series of opinions, has declared Texas' school finance system unconstitutional and has ordered the state to devise a new funding plan. The most recent Supreme Court decision gave the Texas Legislature until June 1, 1993, to enact the new plan. State District Judge Scott McCown, in whose court the lawsuit originated, issued an order on January 11, 1993, to prohibit the comptroller of public accounts from sending funds to the state's school districts if the legislature failed to enact a plan by the Supreme Court's deadline.

PURPOSE

As proposed, S.B. 7 provides for the equitable funding of Texas' public school system.

RULEMAKING

It is the committee's opinion that rulemaking authority is granted to the commissioner of education under ARTICLE 1, SECTION 1 (Section 36.006, Education Code), ARTICLE 3, SECTION 3.04 (Sections 21.562(b) and 21.563(c), Education Code) and ARTICLE 3, SECTION 7.01 (Sections 35.042(a), (b), and (d) and 35.043(c), Education Code) and to the State Board of Education under ARTICLE 5, SECTION 5.01 (Sections 13.914(d) and 35.02(a), Education Code) and ARTICLE 5, SECTION 7.01 (Sections 35.027(b) and (c), 35.033(e), and 35.042(e), Education Code) of this bill.

SECTION BY SECTION ANALYSIS

ARTICLE 1

SECTION 1. Amends Title 2, Education Code, by adding Chapter 36, as follows:

CHAPTER 36. EQUALIZED WEALTH LEVEL SUBCHAPTER A. GENERAL PROVISIONS

Sec. 36.001. DEFINITIONS. Defines "equalized wealth level," "wealth per student," and "weighted average daily attendance."

Sec. 36.002. EQUALIZED WEALTH LEVEL. (a) Prohibits a school district, except as provided by Subsections (b) and (c), from having a wealth per student that exceeds \$280,000.

(b) Provides that a district's wealth per student in the 1993-1994 school year may not be less than the amount needed to maintain the amount of state and local revenue per weighted student for maintenance and operation (M&O) of the district for the 1992-1993 school year if the district imposes an effective tax rate for M&O equal to the greater of the district's current tax rate or \$1.375 on the \$100 valuation of taxable property.

(c) Provides that a district's wealth per student in the 1994-1995 and 1995-1996 school years may not be less than the amount needed to maintain the amount of state and local revenue per weighted student for maintenance and operation (M&O) of the district for the 1992-1993 school year if the district imposes an effective tax rate for M&O equal to the greater of the district's current tax rate or \$1.50 on the \$100 valuation of taxable property.

(d) Provides the formula for determining a district's effective tax rate for the purposes of Subsections (b) and (c).

Sec. 36.003. **OPTIONS TO ACHIEVE EQUALIZED WEALTH LEVEL.** Authorizes a district with a wealth per student that exceeds the equalized wealth level to make any combination of five specified actions to achieve the equalized wealth.

Sec. 36.004. **ANNUAL REVIEW OF PROPERTY WEALTH.** (a) Requires the commissioner of education (commissioner), not later than July 15 of each year, to review the wealth per student of school districts in the state and notify each district with wealth per student exceeding the equalized wealth level; each district to which the commissioner proposes to annex property; and each district to which the commissioner proposes to consolidate a district.

(b) Requires the commissioner, if before the dates provided by this subsection a district notified under Subsection (a)(1) has not successfully reduced its wealth per student, to order the detachment of property from that district. Provides that the commissioner is required to consolidate districts if the detachment of property from a district will not reduce that district's wealth per student to the equalized level. Requires an agreement to detach or consolidate to be executed not later than September 1 immediately following a notification by the commissioner. Requires an election to approve another of the specified options under Section 36.003 to be ordered before September 1 immediately following the commissioner's notice.

(c) Prohibits a district notified under Subsection (a) from adopting a tax rate for the tax year in which the district receives the notice until the commissioner certifies that the district has achieved the equalized wealth level.

(d) Provides that a detachment and annexation or consolidation under this chapter is effective for foundation school program funding purposes for the school year that begins in the calendar year in which the detachment annexation or consolidation is agreed to or ordered and applies to the ad valorem taxation of property beginning with the tax year in which the agreement or order is effective.

Sec. 36.005. **COMPTROLLER AND APPRAISAL DISTRICT COOPERATION.** Requires the chief appraiser of each appraisal district and the comptroller to cooperate with the commissioner and school districts in implementing this chapter.

Sec. 36.006. **RULES.** (a) Authorizes the commissioner to adopt rules necessary for the implementation of this chapter. Provides that the rules may allow the commissioner to make necessary adjustments to the provisions of Chapter 16.

(b) Authorizes the commissioner to modify effective dates and time periods for actions described by this chapter as necessary for the effective and efficient administration of this chapter.

Sec. 36.007. **COMMISSIONER TO APPROVE SUBSEQUENT BOUNDARY CHANGES.** Provides that a district that is involved in an action under this chapter that results in boundary changes to the district or in the consolidation of tax bases is subject to consolidation, detachment, or annexation under Chapter 19 only if the commissioner certifies that the change will not result in a district with a wealth per student that exceeds the equalized wealth level.

Sec. 36.0075. **HOMESTEAD EXEMPTIONS.** (a) Authorizes homestead exemptions.

(b) Provides that this section prevails over any inconsistent provision.

Sec. 36.008. **TAX ABATEMENTS.** (a) Provides that a tax abatement agreement executed by a school district that is involved in consolidation or in detachment and annexation of territory under this chapter is not affected and applies to the taxation of the property covered by the agreement as if executed by the district within which the property is included.

(b) Requires the commissioner to determine the wealth per student of a school district under this chapter as if any tax abatement agreement executed by a school district on or after May 31, 1993, had not been executed.

Sec. 36.0085. **TAX INCREMENT OBLIGATIONS.** Provides that the payment of tax increments under the Tax Code is not affected by the consolidation of territory or tax bases or by annexation under this chapter. Provides for the retention of a tax increment by a district which has assumed taxing authority on a property.

Sec. 36.009. **CONTINGENCY.** (a) Provides that a district is entitled to exercise any remaining valid options if one or more options are found unconstitutional by a court.

(b) Requires the commissioner to act to achieve equalized wealth level only after notice and hearing is afforded to each school district affected by a court order which holds each of the five options under Section 36.003 invalid. Requires the commissioner to adopt a plan that least disrupts the affected school districts. Requires the commissioner, if the exigency to adopt a plan prevents the commissioner from giving a reasonable time for notice and hearing, to timely give notice and hold a hearing within 30 days of the date of the notice.

(c) Requires any amount ordered refunded to a district by a court after a finding that an option under Section 36.003 is invalid to be refunded but held in reserve and remain unexpended until released by order of the commissioner. Requires the commissioner to order the release on the determination that the district has achieved the equalized wealth level. Requires the amount released to be deducted from any state aid payable to the district according to a schedule adopted by the commissioner.

Sec. 36.010. DATE OF ELECTIONS. Requires an election under this chapter for voter approval of an agreement entered by the board of trustees to be held on a Tuesday or Saturday within 45 days after the date of the agreement. Provides that Section 41.001, Election Code, does not apply to the election.

Sec. 36.011. PROCEDURE. (a) Provides that a decision of the commissioner under this chapter is appealable, except as provided by Subchapter G.

(b) Requires any order of the commissioner under this chapter to be given immediate effect and prohibits it from being stayed or enjoined pending appeal.

(c) Provides that the Administrative Procedure and Texas Register Act does not apply to a decision of the commissioner under this chapter.

(d) Requires the secretary of state, on the request of the commissioner, to publish any rules adopted under this chapter in the Texas Register and the Texas Administrative Code.

SUBCHAPTER B. CONSOLIDATION BY AGREEMENT

Sec. 36.031. AGREEMENT. Authorizes the governing boards of any two or more school districts to consolidate the districts by agreement to establish a consolidated district with a wealth per student equal to or less than the equalized wealth level. Provides that the agreement is not effective unless the commissioner certifies that the consolidated district will have a wealth per student equal to or less than the equalized wealth level.

Sec. 36.032. GOVERNING LAW. Provides that the consolidated district is governed by the applicable provisions of Chapter 19C, except to the extent modified by the terms of the agreement. Provides that districts that are consolidated under this section are not subject to the requirement that consolidating districts be contiguous. Provides that the agreement may not be inconsistent with the requirements of this subchapter.

Sec. 36.033. GOVERNANCE PLAN. (a) Provides that the agreement among the consolidating districts may include a governance plan designed to preserve community-based and site-based decision making within the consolidated district, including the delegation of specific powers of the governing board of the district other than the power to levy taxes.

(b) Authorizes the governance plan to provide for a transitional board of trustees during the first year after consolidation, but requires that trustees be elected beginning the next year from within the boundaries of the consolidated district from single-member districts.

Sec. 36.034. INCENTIVE AID. (a) Requires the commissioner, for the first two school years after creation of a consolidated district under this subchapter, to adjust allotments to the consolidated districts to the extent necessary to preserve the effects of an adjustment to which either of the consolidating districts would have been entitled but for the consolidation.

(b) Provides that a district receiving incentive aid payments under this section is not entitled to incentive aid under Chapter 23G.

SUBCHAPTER C. DETACHMENT AND ANNEXATION BY AGREEMENT

Sec. 36.061. AGREEMENT. (a) Provides that territory may be detached from one district and annexed to another district by agreement of the governing board of the two districts if the requirements for equalized wealth per student are met.

(b) Provides that the agreement is not effective unless the commissioner certifies that the wealth per student will be equal to or less than the applicable level permitted by Subsection (a).

Sec. 36.062. **GOVERNING LAW.** Provides that a detachment and annexation is governed by Chapter 19, except to the extent of any conflict with this chapter and except for any requirement that detached property be annexed to a school district that is contiguous to the detached territory.

Sec. 36.063. **ALLOCATION OF APPRAISED VALUE OF DIVIDED UNIT.** Provides for the allocation of the appraised value of a divided unit of property.

Sec. 36.064. **ALLOCATION OF INDEBTEDNESS.** Provides for the allocation of indebtedness for detached territory.

Sec. 36.065. **NOTICE.** Requires the districts, as soon as practicable after the agreement is executed, to notify each affected property owner and the appraisal district in which the affected property is located.

SUBCHAPTER D. PURCHASE OF ATTENDANCE CREDIT

Sec. 36.091. **AGREEMENT.** Authorizes a district with a wealth per student that exceeds the equalized wealth level to execute an agreement with the commissioner to purchase attendance credits in an amount sufficient, in combination with any other actions taken under this chapter, to reduce the district's wealth per student to a level that is equal to or less than the equalized wealth level.

Sec. 36.092. **CREDIT.** (a) Provides that the weighted average daily attendance of a district is increased by one student for every credit the district purchases for purposes of determining whether the district exceeds the equalized wealth level.

(b) Provides that a credit is not used in determining a district's scholastic population, average daily attendance, or weighted average daily attendance for purposes of Chapter 15 or 16.

Sec. 36.093. **COST.** Provides the formula for determining the cost of each credit.

Sec. 36.094. **PAYMENT.** (a) Requires a district to pay for credits purchased in accordance with a schedule adopted by the commissioner, with all payments being made no later than February 15 of the school year for which the agreement is in effect.

(b) Requires receipts to be deposited in the state treasury and used only for foundation school program purposes.

Sec. 36.095. **DURATION.** Provides that an agreement under this section is valid for one year and may be renewed annually, subject to Section 36.096.

Sec. 36.096. **VOTER APPROVAL.** (a) Requires a board of trustees, after executing an agreement under this section, to order and conduct an election to obtain voter approval of the agreement.

(b) Sets forth the required language for the ballot.

(c) Provides that the proposition is approved if it receives a favorable vote of a majority of the votes cast. Provides that approval of the proposition ratifies the agreement and authorizes the board to continue executing agreements under this subchapter on behalf of the district without further voter approval.

SUBCHAPTER E. CONTRACT FOR EDUCATION OF NONRESIDENT STUDENTS

Sec. 36.121. **AGREEMENT.** Authorizes the board of trustees of a district with a wealth per student that exceeds the equalized wealth level to execute an agreement to educate the students of another district in a number that, when the weighted average daily attendance (WADA) of the students served is added to the WADA of the contracting district, is sufficient to reduce the district's wealth per student to the required level. Provides that the agreement is not effective unless the commissioner makes certain certifications.

Sec. 36.122. **VOTER APPROVAL** (a) Requires a board of trustees, after executing an agreement under this section, to order and conduct an election to obtain voter approval of the agreement.

(b) Sets forth the required language for the ballot.

(c) Provides that the proposition is approved if it receives a favorable vote of a majority of the votes cast. Provides that approval of the proposition ratifies the agreement and authorizes the board to continue executing agreements under this subchapter on behalf of the district without further voter approval.

Sec. 36.123. WADA COUNT. Provides that, for purposes of Chapter 16, students served under an agreement under this subchapter are counted only in the WADA of the district providing the service.

SUBCHAPTER F. TAX BASE CONSOLIDATION

Sec. 36.151. AGREEMENT. Authorizes the board of trustees of two or more districts to execute an agreement to conduct an election on the creation of a consolidated taxing district for the maintenance and operation of the component school districts. Provides that the agreement is subject to approval by the commissioner and is not effective unless the commissioner certifies that the consolidated district will have a wealth per student equal to or less than the mandated level after all actions taken under this chapter.

Sec. 36.152. DATE OF ELECTION. Requires any agreement under this subchapter to provide for the ordering of an election to be held on the same date in each district.

Sec. 36.153. PROPOSITION. (a) Provides the language for the ballot proposition.

(b) Prohibits the tax rate to be included in the proposition from exceeding the maximum rate provided by law for independent school districts.

Sec. 36.154. APPROVAL. Provides that the proposition is approved only if it receives a favorable vote of the majority of the votes cast within each participating district.

Sec. 36.155. CONSOLIDATED TAXING DISTRICT. Provides that a consolidated taxing district is a school district established for the limited purpose of exercising the taxing power granted by the Texas Constitution and distributing the revenue to its component school districts.

Sec. 36.156. GOVERNANCE. (a) Provides that the consolidated taxing district is governed by the boards of the component school districts acting jointly.

(b) Requires any action taken by the joint board to receive a favorable vote of a majority of each component district's board of trustees.

Sec. 36.157. MAINTENANCE TAX. (a) Requires the joint board to levy a maintenance tax for the benefit of the component school districts not later than September 1 of each year or as soon thereafter as practicable.

(b) Requires each component district to bear a share of the costs of assessing and collecting taxes in proportion to the component district's share of WADA in the consolidated taxing district.

(c) Prohibits a component district from levying an ad valorem tax for the maintenance and operation of the schools.

(d) Authorizes the consolidated taxing district, notwithstanding Sections 20.04 and 20.09, to levy, assess, and collect a maintenance tax for the benefit of the component districts at a rate that exceeds \$1.50 to the extent necessary to pay contracted obligations on the lease purchase of permanent improvements to real property entered into on or before May 12, 1993. Requires the proposition to impose taxes at the necessary rate to be submitted to the voters in the manner provided by Section 20.04.

Sec. 36.158. REVENUE DISTRIBUTION. Requires the consolidated taxing district to distribute maintenance tax revenue to the component districts on the basis of the number of WADA in the component districts.

Sec. 36.159. TAXES OF COMPONENT DISTRICTS. (a) Provides that the governing board of a component district of a consolidated taxing district that has consolidated for maintenance and operation purposes only may issue bonds and levy, pledge, and collect ad valorem taxes within that component district sufficient to pay the principal of and interest on those bonds as provided by Chapter 20.

(b) Provides that a component district levying an ad valorem tax under this section or Section 34.160(b) is entitled to the guaranteed yield provided by Chapter 16H for that portion of its tax rate that, when added to the maintenance tax levied by the consolidated taxing unit, does not exceed the limitation provided by Section 16.303.

Sec. 36.160. **OPTIONAL TOTAL TAX BASE CONSOLIDATION.** (a) Authorizes total tax base consolidation through an agreement under Section 36.151.

(b) and (c) Set forth factors relating to an agreement for total tax base consolidation.

SUBCHAPTER G. DETACHMENT AND ANNEXATION BY COMMISSIONER OF EDUCATION

Sec. 36.201. **DEFINITION.** Defines "mineral property."

Sec. 36.202. **DETERMINATION OF TAXABLE VALUE.** Provides the formula for determining the taxable value of an item of property for the purposes of this subchapter.

Sec. 36.203. **PROPERTY SUBJECT TO DETACHMENT AND ANNEXATION.** (a) Provides that only mineral property and certain real industrial and commercial property may be detached and annexed under this subchapter.

(b) Provides that the detachment and annexation of mineral property under this subchapter includes the surface estate and each other interest in the land covered by the mineral interest, or a final judgment of a court determines that a mineral interest may not be annexed and detached as provided by this subchapter without an attendant annexation and detachment of the surface estate or any other interest in the same land.

Sec. 36.204. **TAXATION OF PERSONAL PROPERTY.** Provides that personal property having a taxable situs at the same location as real property detached and annexed under this subchapter is taxable by the school district to which the real property is attached.

Sec. 36.205. **DETACHMENT OF PROPERTY.** (a) Requires the commissioner to detach property under this section from each district from which the commissioner is required under Section 36.004 to detach property under this subchapter.

(b) Requires the commissioner to detach from each district covered by Subsection (a) one or more whole parcels or items of property in descending order of the taxable value of each parcel or item, beginning with the parcel or item having the greatest taxable value, until the district's wealth per student reaches the mandated equalized level.

(c) Requires the commissioner to detach property in a manner that results in a wealth per student that is equal to or less than the equalized wealth level by not more than \$10,000.

(d) Requires certain factors to be present for the commissioner to detach only a *portion* of a parcel or item of property.

Sec. 36.206. **ANNEXATION OF PROPERTY.** (a) Requires the commissioner to annex property detached under Section 36.205 to districts eligible for annexation in accordance with this section. Provides that a district is eligible for annexation of property to it under this subchapter only if the district's wealth per student is less than the greatest level for which funds are provided under Chapter 16H.

(b) Provides that property may be annexed to a district without regard to whether the property is contiguous to other property in the district.

(c) Requires the commissioner to annex property detached from districts beginning with the property detached from the district with the greatest wealth per student before detachment and continuing with the property detached from each other school district in descending order of the district's wealth per student before detachment.

(d) Requires the commissioner to annex the parcels or items of property detached from a district to other districts that are eligible for annexation of property in descending order of the taxable value of each parcel or item according to certain specified priorities.

(e) Requires the commissioner, if the districts identified by Subsection (d) for a district are insufficient to annex all the property detached from the district, to increase the maximum difference in tax rates allowed under Subsection (d) until the districts are identified that are sufficient to annex all the property detached from the district.

(f) Requires the commissioner, if only one district is eligible to annex property from a district within a priority group established by Subsections (d) and (e), to annex property to that district until it reaches a wealth per student equal as nearly as possible to the greatest level for which funds are provided under Chapter 16H, by annexing whole parcels or items of property. Requires any remaining property to be annexed to eligible school districts in the next priority group as provided by this section.

(g) Provides the method for annexing property when more than one district is eligible to annex property detached from a district within a priority group.

(h) Provides, for purposes of this section, that a portion of a parcel or item of property detached in that subdivided form from a school district is treated as a whole parcel or item of property.

(i) Provides that the commissioner may order annexation of a portion of a parcel or item of property in certain instances.

(j) Authorizes the commissioner to modify the priorities established by this section as the commissioner considers reasonable to minimize or reduce certain factors.

(k) Provides that, for purposes of this section, a district is assigned to a county if the district is assigned to that county in the 1992-1993 Texas School Directory published by the Central Education Agency.

Sec. 36.207. LIMITATIONS ON DETACHMENT AND ANNEXATION. Provides that the commissioner may detach and annex property under this subchapter only if certain conditions are met.

Sec. 36.208. ORDERS AND NOTICE. (a) Requires the commissioner to order any detachments and annexations of property under this subchapter not later than November 8 of each year.

(b) Requires the commissioner, as soon as practicable after issuing the order under Subsection (a), to notify each affected school district and the appraisal district in which the affected property is located of the determination.

Sec. 36.209. TREATMENT OF SUBDIVIDED PROPERTY. (a) Requires an order detaching or annexing a portion of a parcel or item of property to specify the portion of the taxable value to be detached or annexed and provides that the order may describe the specific area of the parcel or item to be detached or annexed.

(b) Requires the commissioner, if the order detaching or annexing a portion of a parcel or item of property does not describe the specific area of parcel or item to be detached or annexed, to determine the specific area to be detached or annexed and to certify that determination to the appraisal district for the county in which the property is located.

(c) Provides the method for apportioning the taxable value of a parcel or item of property which is located in two or more school districts as a result of a detachment or annexation.

Sec. 36.210. DUTIES OF CHIEF APPRAISER. (a) Requires the chief appraiser of each appraisal district to cooperate with the commissioner in administering this subchapter. Provides that the commissioner may require the chief appraiser to submit any reports or provide any information available to the chief appraiser in the form and at the times required by the commissioner.

(b) Requires the chief appraiser for a school district from which property is detached, as soon as practicable after the detachment and annexation of property, to send a written notice of the action to the owner of any property taxable in a different district as a result of the action. Requires the notice to include the name of the district by which the property is taxable after the detachment and annexation.

(c) Authorizes the commissioner to reimburse an appraisal district for any costs incurred in administering this subchapter and to condition the reimbursement or the amount of the reimbursement on the timely submission of reports or information required by the commissioner or the satisfactory performance of any other action required or requested by the commissioner.

Sec. 36.211. STUDENT ATTENDANCE. Provides that a student who is a resident of real property detached from a district may choose to attend school in that district or in the district to which the property is attached. Requires the student to be counted in the district to which the property is annexed for purposes of determining average daily attendance. Requires the

state to allocate to the district in which the student is attending school any foundation school funds and the amount of funds equal to the difference between the state funds the district is receiving for the student and the district's cost in educating the student.

Sec. 36.212. BOND TAXES. Provides that property detached from a district is released from the obligation for any tax to pay principal and interest on bonds authorized by the district before detachment. Provides that the property is subject to any tax to pay principal and interest on bonds authorized by the district before or after annexation.

Sec. 36.213. DETERMINATION BY COMMISSIONER FINAL. Provides that a decision or determination by the commissioner under this subchapter is final and not appealable.

SUBCHAPTER H. CONSOLIDATION BY COMMISSIONER OF EDUCATION

Sec. 36.251. COMMISSIONER ORDER. Provides that this subchapter governs a consolidation ordered by the commissioner under Section 36.004. Provides that the commissioner's order is effective on a date determined by the commissioner but not later than the earliest practicable date after November 8.

Sec. 36.252. SELECTION CRITERIA. (a) Requires the commissioner, in selecting the districts to be consolidated with a district that has a property wealth greater than the equalized wealth level, to select one or more districts that will result in a consolidated district with a wealth per student equal to or less than the mandated equalized level. Requires the commissioner, in achieving that result, to give priority to districts in a specified order.

(b) Prohibits the commissioner from selecting a district that has been created as a result of consolidation by agreement under Subchapter B to be consolidated with a district that has a property wealth greater than the mandated level.

(c) Requires the commissioner, in applying the selection criteria when more than two districts are to be consolidated, to select the third and each subsequent district to be consolidated by treating the district that has a property wealth greater than the equalized wealth level and the district or districts previously selected for consolidation as one district.

Sec. 36.253. GOVERNANCE. Provides for governance of a consolidated district by a board of trustees.

Sec. 36.254. DISSOLUTION OF CONSOLIDATED DISTRICT. (a) Provides for the dissolution of a consolidated district created under this subchapter if the legislature abolishes ad valorem taxes for public school maintenance and operations and adopts another method of financing public education.

(b) Provides for the restoration of each of the former districts of a dissolved consolidated district.

(c) Provides that title to real property of a consolidated district is allocated to the restored district in which the property is located. Provides that title to proportionate shares of the fund balances and personal property of the consolidated district are allocated to each restored district.

(d) Sets forth the liabilities of each restored district.

(e) Provides for the determination of a restored district's proportionate share of fund balances, personal property, or indebtedness.

Sec. 36.255. FUND BALANCES. Provides that fund balances of a district consolidated under this subchapter may be used only for the benefit of the schools within the district that generated the funds.

Sec. 36.256. EMPLOYMENT CONTRACTS. Requires a consolidated district to honor an employment contract entered into by a consolidating district.

Sec. 36.257. APPLICATION OF SMALL AND SPARSE ADJUSTMENTS AND TRANSPORTATION ALLOTMENT. Requires the budget of the consolidated district to apply the benefit of the adjustment or allotment to the schools of the consolidating district to which it would have applied in the event that the consolidated district still qualifies as a small or sparse district.

SECTION 1.02. (a) Amends Section 18.03(a), Education Code, to prohibit the adoption of a county-unit system after May 1, 1993, and to provide that a system purportedly created after that date is dissolved September 1, 1993. Provides that this subsection does not affect the existence or operation of a county-unit system adopted before that date.

(b) Repealer: Sections 18.04, 18.21, 18.22, 18.23, 18.24, and 18.31, Education Code (relating to county unit system taxes).

SECTION 1.03. (a) Provides that this section applies to actions in 1993 to achieve the equalized wealth level, notwithstanding any provision of Chapter 36, Education Code, as added by this Act.

(b) Requires the commissioner to make the determinations of wealth per student not later than August 30, 1993, using wealth and weighted student data either from the current year or the preceding school year. Requires the commissioner to immediately notify each district that exceeds the equalized wealth level and each district with which the commissioner intends to consolidate that district under Chapter 36G, Education Code, as added by this Act.

(c) Provides for the detachment of territory by the commissioner from a district that fails to exercise one or more options under this Act by October 19, 1993. Requires the commissioner to order the consolidation of that district if detachment will not reduce the district's equalized wealth to the mandated level.

SECTION 1.04. Provides that this article takes effect immediately.

ARTICLE 2

SECTION 2.01. Provides that Chapter 16, Education Code, is reenacted and amended to read as follows:

CHAPTER 16. FOUNDATION SCHOOL PROGRAM SUBCHAPTER A. GENERAL PROVISIONS

Sec. 16.006. AVERAGE DAILY ATTENDANCE. (a) Provides a new formula for determining the average daily attendance beginning with the 1995-1996 school year.

(c) Makes a conforming change.

Sec. 16.007. PUBLIC EDUCATION INFORMATION MANAGEMENT SYSTEM (PEIMS). (a) Makes a conforming change by deleting a reference to county education districts (CEDs).

(c) Requires the commissioner to annually review PEIMS and repeal or amend rules that require districts to provide information through PEIMS that is not necessary or useful. Requires the commissioner, in reviewing and revising PEIMS, to develop rules to ensure that the system provides useful, accurate, and timely information on student demographics and academic performance, personnel, and school district finances. Makes a conforming change by deleting requirements relating to CEDs.

Sec. 16.008. EQUALIZED FUNDING ELEMENTS. Makes a nonsubstantive change.

Deletes Sections 16.009 (REVENUE LIMIT, 16.010 (DEFINITION), and 16.011 (NOTICE OF YIELDS TO BE PUBLISHED).

SUBCHAPTER B. REQUIREMENTS FOR DISTRICT PARTICIPATION IN THE FOUNDATION SCHOOL PROGRAM FUND

Sec. 16.052. OPERATION OF SCHOOLS; TEACHER PREPARATION AND STAFF DEVELOPMENT. (e) As added, requires the staff development required by this section to be predominantly campus-based, for the purpose of improving student achievement, and planned with the involvement of the campus school committee established under Section 21.931 of this code. Provides that campus staff development and campus staff development activities may include certain factors and components.

Deletes Sec. 16.057. CAREER LADDER SALARY SUPPLEMENT.

SUBCHAPTER C. BASIC ENTITLEMENT

Sec. 16.101. BASIC ALLOTMENT. Provides that the basic allotment is \$2,300 per student or a different amount adopted by the school fund budget committee. Makes conforming and nonsubstantive changes.

Sec. 16.102. **COST OF EDUCATION ADJUSTMENT.** Makes conforming changes. Requires the school fund budget committee, beginning with the 1995-1996 school year, to determine the cost of education adjustment.

Sec. 16.103. **SMALL DISTRICT ADJUSTMENT.** Replaces references to average daily attendance with basic allotment.

Sec. 16.1031. **USE OF SMALL DISTRICT ADJUSTMENT IN CALCULATING SPECIAL ALLOTMENTS.** Deletes language providing that this section expires September 1, 1993.

Sec. 16.104. **SPARSITY ADJUSTMENT.** Deletes language providing that this section expires September 1, 1993.

SUBCHAPTER D. SPECIAL ALLOTMENTS

Sec. 16.151. **SPECIAL EDUCATION.** (a) Amends the weights for determining the annual allotment for each student in average daily attendance in a special education program.

(b) Makes a conforming change.

(c) Requires the combination of several special education programs into a single off home campus instructional arrangement, beginning with the 1995-1996 school year.

(d) Provides for the credit of contact hours for funding purposes.

(e) Requires the State Board of Education, in prescribing qualifications that a mainstream instructional arrangement must meet, to establish requirements that students with disabilities and their teachers receive the services that are necessary to enrich the regular classroom and enable student success.

(j) Deletes language relating to the provision by the Central Education Agency of transitional support services for certain special education instructional arrangements.

(k) Authorizes the commissioner to reduce a district's special education allowance to the level to which the district would be entitled if the district's ratio was not more than 25 percent higher than the statewide average ratio. Makes conforming changes.

(l) Provides for funding for a school district that provides an extended year program for special education students.

(m) Provides for funding, not to exceed \$2 million in the 1994-1995 biennium, for programs under Section 21.513.

Sec. 16.152. **COMPENSATORY EDUCATION ALLOTMENT.** (f) Makes a conforming change.

(j) Makes a conforming change.

(k) Reletters existing Subsection (j).

(l) Reletters and makes a conforming change.

(m) Reletters and makes conforming changes.

(n) Provides for additional funding for districts that incur unanticipated expenditures resulting from a significant increase in the enrollment of nonhandicapped students who reside in residential placement facilities.

(o) Provides for certain reductions in a district's allotment.

Sec. 16.155. **VOCATIONAL EDUCATION ALLOTMENT.** (f) Reletters existing Subsection (h) and makes conforming changes.

Sec. 16.156. **TRANSPORTATION ALLOTMENT.** (e) Makes a nonsubstantive change.

Sec. 16.158. New title: **TEACHER COMPENSATION ALLOTMENT.** (a) Replaces references to the career ladder with teacher compensation.

(b) Provides that an allotment under this subsection may be used only to pay the salaries of teachers who were entitled to career ladder supplements, except as provided by Subsection (d).

Deletes existing Subsection (c).

(c) Previous Subsection (d).

(d) Requires a district to use any excess funds from an allotment under this section to supplement other teachers who were not entitled to career ladder supplements.

Sec. 16.159. GIFTED AND TALENTED STUDENT ALLOTMENT. (d) Makes a conforming change.

SUBCHAPTER F. ACCOUNTABLE COSTS OF EDUCATION

Deletes Sec. 16.202 (STUDIES), Sec. 16.203 (PROCEDURES), and Sec. 16.204 (NAVAL MILITARY FACILITY IMPACT).

Sec. 16.205. LIMIT ON ADMINISTRATIVE COSTS. (a) Requires the commissioner to annually make certain determinations relating to districts' administrative costs.

(b) Authorizes the commissioner to adjust the administrative cost ratio of a district to allow for additional administrative costs required by the sparsity of the district or students with special needs.

(c) Sets forth a schedule and requirements to control districts' administrative costs.

(d) Authorizes the commissioner to withhold tier one allotments equal to the amount by which a district's administrative costs exceed the mandated level.

(e) Authorizes the commissioner to grant a waiver to a district that exceeds its administrative costs ratio if the excess is justified by unusual circumstances.

(f) Requires a district to include a statement of any amount withheld or remitted under Subsection (d) in the district report card required by Section 35.042.

(g) Defines "administrative costs ratio," "administrative costs," "instructional costs," and "adjusted group standard."

Deletes existing Sec. 16.205 (EFFICIENCY IN ADMINISTRATION REPORT) and Sec. 16.206 (COST ADJUSTMENTS).

SUBCHAPTER G. FINANCING THE PROGRAM

Sec. 16.251. FINANCING; GENERAL RULE. (a) and (b) Make conforming changes.

Sec. 16.252. LOCAL SHARE OF PROGRAM COST (TIER ONE). Makes conforming changes.

Sec. 16.254. DISTRIBUTION OF FOUNDATION SCHOOL FUND. (a) Requires the commissioner, for each school year, to make certain determinations relating to the amount of money to which a district is entitled.

(b) Requires the commissioner to base the determination under Subsection (a) on the estimates provided for each district for each school year or different estimates provided by the General Appropriations Act.

(c) Provides the formula for determining the amount to which a district is entitled.

(d) Requires the commissioner to approve warrants to each district equaling the amount of its entitlement, with an exception.

(e) Requires the commissioner to recompute the amount to which a district is entitled if a district's tax rate is less than the limit authorized under this subsection. Limits the amount to which a district is entitled and requires the commissioner to approve warrants in the amount of the new computation. Requires an amount equal to the difference between the initial allocation and the amount of the warrants to be transferred to a special reserve account in the foundation school fund.

(f) Requires amounts transferred to the reserve account to be used in the succeeding fiscal year to finance increases in allocations to districts under Subsection (i). Requires the commissioner, if the amount in the reserve account is less than the amount of the increase under Subsection (i) for the second year of a state fiscal biennium, to certify the amount to the foundation school fund budget committee by January 1 of the second year of the state fiscal biennium.

(g) Authorizes the commissioner to adjust funds, to the extent funds are available, to a district that demonstrates that the factors used in determining the amount of state funds to which the district is entitled are so inaccurate as to cause undue financial hardship. Prohibits funds in the reserve account from being used under this section until any reserve funds have been used for purposes of Subsection (f).

(h) Requires the commissioner to reduce the total amount of state funds allocated to each district if the legislature fails during the regular session to enact the transfer and appropriation proposed under Subsection (f) and there are not funds available under Subsection (j). Provides the formula for determining the amount of the reduction. Provides that a district's entitlement is increased in the subsequent year by an amount equal to the reduction.

(i) Requires the commissioner, not later than March 1 each year, to determine the amount of state funds to which each district is entitled under the allocation formulas in this chapter for the current school year and compare that amount with the amount of the warrants issued to each district for that year. Requires the commissioner to adjust a district's entitlement if the amount of the warrants differs from the amount to which the district is entitled because of variations in the district's tax rate, student enrollment, or taxable value of property.

(j) Authorizes the legislature to appropriate funds for increases under Subsection (i) from funds that the comptroller finds are available.

(k) Requires the commissioner to compute for each district the total amount by which the district's allocation of state funds is increased or decreased under Subsection (i) and to certify that amount to the district.

(l) Provides that the number of weighted students in average daily attendance is calculated in the manner provided by Section 16.302.

Deletes the existing Sec. 16.254.

Sec. 16.2541. ESTIMATES REQUIRED. (a) Requires the Central Education Agency (CEA) and the comptroller to submit certain estimates to the foundation school fund budget committee no later than October 1 of each even-numbered year.

(b) Requires the CEA and the comptroller to update the information provided to the legislature by March 1 of each odd-numbered year.

Sec. 16.256. FOUNDATION SCHOOL FUND BUDGET COMMITTEE. (a) Makes a nonsubstantive change.

(b) Requires the budget committee's report to the comptroller under this section to be made by December 1, rather than November 1, before each regular session of the legislature. Makes a nonsubstantive.

(f) Makes conforming changes.

Sec. 16.260. FOUNDATION SCHOOL FUND TRANSFERS. (c) and (d) Make conforming change.

SUBCHAPTER H. GUARANTEED YIELD PROGRAM (TIER TWO)

Sec. 16.302. ALLOTMENT. Makes conforming changes. Provides that the guaranteed level of state and local funds per weighted student per cent of tax effort is \$20.55, rather than increasing amounts for each school year through 1993-1994 and subsequent years.

Sec. 16.303. LIMITATION ON ENRICHMENT AND FACILITIES TAX RATE. Increases the maximum tax rate under this section from \$0.45 to \$0.64 per \$100 of valuation.

Deletes SUBCHAPTER J. COUNTY EDUCATION DISTRICT DISTRIBUTIONS

SECTION 2.02. Amends Sections 14.063(b) and (e), Education Code, to provide that each district is entitled to an annual allotment equal to its average daily attendance multiplied by \$30 or a greater amount provided by appropriation.

SECTION 2.03. Amends Sections 20.09(a) and (b), Education Code, as follows:

- (a) Prohibits a tax rate in excess of \$1.50 per \$100 valuation, with exceptions.
- (b) Makes a conforming change.

SECTION 2.04. Amends Section 26.08, Tax Code, as follows:

Sec. 26.08. ELECTION TO LIMIT SCHOOL TAXES. (a) Provides that if the governing body of a district adopts a rate that exceeds the district rollback tax rate, the qualified voters of the district at an election held for that purpose must determine whether or not to limit the tax rate the governing body may adopt for the current year to the school district rollback tax rate. Makes conforming changes.

(b) Deletes text relating to a petition required to call an election to limit school taxes. Deletes existing Subsection (c) and redesignates existing Subsection (d). Requires the governing body to order that the election be held in the school district within 30-90 days after the day on which it adopted the tax rate. Amends the language of the ballot for the election.

(c) Redesignates existing Subsection (e). Makes conforming changes.

(d) Sets forth the rates to be included in the district rollback tax rate for the purposes of this section, except as provided by Subsection (e).

(e) Sets forth the rates to be included in the district rollback tax rate for the first year a school district that is the product of the consolidation of two or more whole school districts adopts a tax.

(f) Sets forth the amount, for purposes of Subsections (d) and (e), of state funds and local maintenance and operations taxes that was available to a district in the preceding year.

(g) Defines "weighted students in average daily attendance."

(h) Redesignates existing Subsection (f) and makes a nonsubstantive change.

(i) Provides that in calculating the district rollback tax rate for a district for the 1993 tax year, the CED taxes received by the district for the 1992-1993 school year are treated as state funds distributed to the district under Chapter 16, Education Code, for that school year. Provides that this subsection expires January 1, 1995. Deletes existing Subsections (g) through (j) relating to certain actions if a district is subject to a reduction in total revenue and equalization tax distributions.

SECTION 2.05. Sets forth the intent of the legislature regarding funding provisions for an optional extended year program.

SECTION 2.06. (a) Requires determinations required under Section 16.254, Education Code, to be based on estimates provided by the Legislative Budget Board model run, number 401, as adjusted to reflect options exercised by districts under Chapter 36, Education Code, as added by this Act, notwithstanding the requirement in Section 16.254, as amended by this Act, requiring determinations under that section to be based on estimates provided under Section 16.2541, Education Code, as added by this Act, or on different estimates provided by the General Appropriations Act, for the biennium ending August 31, 1995.

(b) Provides that changes in funding to districts for special education under Sections 16.151(a) and (b), Education Code, and under Section 16.101, Education Code, as those sections are amended by this Act, apply beginning with the 1994-1995 school year. Provides that for the 1993-1994 school year, application of the weights provided by Sections 16.151(a) and (b), Education Code, as those sections existed before amendment by this Act, apply to funding to districts for special education and those sections are continued in effect for that purpose.

(c) Provides that any other changes in the funding of public schools made by this Act apply beginning with the 1993-1994 school year.

SECTION 2.07. Provides that to the extent that reenactment of Chapter 16, Education Code, by this article conflicts with another enactment of the 73rd Legislature, Regular Session, 1993, amending a provision of that chapter, the other enactment prevails without regard to the relative dates of enactment.

SECTION 2.08. Provides that this article takes effect immediately.

ARTICLE 3

SECTION 3.01. Amends Section 21.032(c), Education Code, to require a student enrolled in a public district to attend an extended year program provided by a district for which the student is eligible, or tutorial classes, unless specifically exempted. Requires a district to provide transportation services to students required to attend an extended year program. Exempts a district from providing transportation services to students required to attend tutorial classes.

SECTION 3.02. Amends Section 21.052, Education Code, to include mainstream among those instructional settings in the definition of special teaching.

SECTION 3.03. Amends Section 21.506(b), Education Code, to make a conforming change.

SECTION 3.04. Amends Chapter 21O, Education Code, by adding Sections 21.562 and 21.563, as follows:

Sec. 21.562. STATE-FUNDED OPTIONAL EXTENDED YEAR PROGRAM. (a) Authorizes a district to apply to the commissioner for funding and approval of an extended year program not exceeding 30 days for students in kindergarten through grade level eight who are identified as likely not to be promoted to the next grade level for the succeeding school year.

(b) Authorizes the commissioner to adopt rules for the administration of programs provided under this section.

(c) Prohibits a district from enrolling more than 12 students in a class.

(d) Requires each class to be taught by a teacher who meets certain criteria.

(e) Sets forth procedures and criteria for promotion of a student to the next grade level.

(f) Requires a district that provides a program under this section to adopt a policy designed to lead to immediate reduction and ultimate elimination of student retention.

(g) Authorizes a district to apply for approval under this section only for a pilot program for students in grade level one for the 1993-1994 school year and grade levels one and two for the 1994-1995 school year. Prohibits the state's share of a pilot program under this section from exceeding the amount appropriated for program purposes. Authorizes funds provided to a pilot program to be used for transportation of eligible students. Provides that this subsection expires September 1, 1995.

Sec. 21.563. OPTIONAL EXTENDED YEAR PROGRAM. (a) Authorizes a district to apply to the commissioner for approval to provide an extended year program for a period not exceeding 45 days for students in kindergarten through grade level eight who would otherwise not be promoted.

(b) Authorizes a district, in order to provide the funding necessary for a program approved under this section, with the approval of the commissioner, to provide a number of days of instruction during the regular school term that is up to five days less than the number otherwise required under Section 16.052(a). Provides that a district providing a program under this section is not entitled to funding appropriated for purposes of providing programs under Section 21.562.

(c) Authorizes the commissioner to adopt rules for the administration of programs provided under this section.

SECTION 3.05. Amends Chapter 21Z, Education Code, by adding Section 21.939, as follows:

Sec. 21.939. LEGISLATIVE LOBBYIST OR LIAISON; PROHIBITION. (a) Prohibits a district from employing a person required to register under Chapter 305, Government Code, by virtue of the person's activities on behalf of the district.

(b) Prohibits a district from employing a person whose primary duties are activities related to proposed legislation or administrative action, including those set forth in this subsection.

(c) Sets forth liability for a district that employs a person in violation of this section. Authorizes the attorney general to sue to collect the penalty.

(d) Requires the commissioner to reduce the amount allocated to the district by a certain amount if a civil penalty is imposed against a district under this section.

SECTION 3.06. Provides that this article takes effect immediately and applies beginning with the 1993-1994 school year.

ARTICLE 4

SECTION 4.01. Amends Section 11.86(a), Education Code, as follows:

(a) Requires the comptroller to make appropriate adjustments in the study to account for actions taken under Chapter 36. Makes conforming changes.

SECTION 4.02. Amends Chapter 23B, Education Code, by adding Section 23.34, as follows:

Sec. 23.34. CONTRACTS FOR EDUCATIONAL SERVICES. Authorizes the board of trustees of an independent district to contract with a public or private entity for that entity to provide educational services for the district.

SECTION 4.03. Amends Section 317.005(f), Education Code, to make a conforming change.

SECTION 4.04. Amends Section 1.04(12), Tax Code, to make a conforming change.

SECTION 4.05. Amends Section 6.02, Tax Code, by amending Subsections (b) and (f) and adding Subsection (g), as follows:

(b) Provides that the choice of a district to participate in a single appraisal district does not apply to property annexed to the district under Subchapter C or G, Chapter 36, Education Code, unless conditions set forth in this subsection exist. Makes conforming changes.

(f) Provides that all costs of operating an appraisal district in territory outside the county for which the appraisal district is established are allocated to the taxing unit for which the appraisal district appraises property in that territory. Makes conforming changes.

(g) Provides that if property is annexed to a district under Subchapter C or G, Chapter 36, Education Code, the appraisal district established for the county in which the property is located shall appraise the property for the district, and the district participates in that appraisal district for purposes of that property appraisal, except as otherwise permitted by Subsection (b).

SECTION 4.06. Amends Section 6.03, Tax Code, by amending Subsections (c) through (e) and adding Subsection (m), as follows:

(c) - (e) Make conforming changes.

(m) Sets forth eligibility requirements for an individual to be appointed to the board of directors of an appraisal district who does not meet the residency requirements of Subsection (a), if a district participates in an appraisal district in which the property of the district located in the appraisal district is property annexed to the district under Subchapter C or G, Chapter 36, Education Code.

SECTION 4.07. Amends Subsections (d) and (h), Section 6.06, Tax Code, to make conforming changes.

SECTION 4.08. Amends Subsections (d), (e), (m), and (n), Section 11.13, Tax Code, to make conforming changes.

SECTION 4.09. Amends Subsections (c) and (e), Section 11.14, Tax Code, to make conforming changes.

SECTION 4.10. Amends Section 21.01, Tax Code, to make a conforming change.

SECTION 4.11. Amends Section 21.02, Tax Code, as follows:

- (a) Creates this subsection from existing text and makes a conforming change.
- (b) Provides for the taxation of tangible personal property having taxable situs at the same location as real property detached from a district and annexed by another district.
- (c) Sets forth the year tangible personal property has taxable situs in a district that is the result of a consolidation under Chapter 36, Education Code.

SECTION 4.12. Amends Section 25.25, Tax Code, by adding Subsection (h), as follows:

- (h) Requires the chief appraiser to change the appraisal records and district appraisal rolls to reflect the detachment and annexation of property among districts under Subchapter C or G, Chapter 36, Education Code.

SECTION 4.13. Repealers: (1) Section 1.05 and Chapter 20G, Education Code; and

- (2) Sections 6.061(f), 26.12(e), and 312.002(e) and (f), Tax Code.

SECTION 4.14. Abolishes each county education district (CED) created under Section 2, Chapter 20, Acts of the 72nd Legislature, Regular Session, 1991, effective September 1, 1993.

SECTION 4.15. (a) Requires each CED, on August 31, 1993, to transfer its funds to its component districts in the manner provided by rule of the commissioner, except any penalties paid to a CED in 1993 shall be allocated to the district that is the situs of the property that incurred the penalties.

- (b) Transfers any assets of a CED other than funds to its component districts in the manner and amounts provided by rule of the commissioner on September 1, 1993.
- (c) Transfers the contracts and other liabilities of a CED to its component districts in the manner and amounts provided by rule of the commissioner on September 1, 1993.
- (d) Requires the records of the board of a CED to be maintained as provided by rule of the commissioner.
- (e) Authorizes the component districts of a CED abolished by this Act to collect and use or distribute taxes imposed by the CED that are delinquent in the manner provided by rule of the commissioner.

SECTION 4.16. Provides that this article takes effect immediately and applies beginning with the 1993-1994 school year.

ARTICLE 5

SECTION 5.01. Amends Chapter 13Z, Education Code, by adding Section 13.914, as follows:

Sec. 13.914. LOANED TEACHERS. (a) Authorizes a district, by agreement with a business, to accept for special employment as a classroom teacher with the district a person employed by the business subject to the conditions prescribed by Subsection (b).

- (b) Sets forth provisions for an agreement under Subsection (a).
- (c) Authorizes the commissioner to adopt guidelines for an agreement under this section and to authorize the expenditure of CEA funds for the recruiting and employment of loaned teachers under this section.
- (d) Authorizes the State Board of Education (board), by rule, to provide a one-year exemption for a loaned teacher from the teacher certification requirements of this chapter and provide minimum standards and educational experience for qualifications for the exemption.

SECTION 5.02. Provides that this article takes effect immediately.

ARTICLE 6

SECTION 6.01. Amends Sections 4.25(a) and (b), Education Code, as follows:

(a) Includes a child's unexcused voluntary absences for the time specified under Section 51.03(b)(2), Family Code, for which a parent or person standing in parental relation commits an offense. Doubles the fine amounts for an offense under this section. Makes conforming changes.

(b) Requires the collected fines to be deposited as set forth in this subsection. Deletes existing text providing a defense to prosecution.

SECTION 6.02. Amends Chapter 54, Family Code, by adding Section 54.043, as follows:

Sec. 54.043. MONITORING SCHOOL ATTENDANCE. Requires a probation officer charged with supervising a child, if the court places a child on probation under Section 54.04(d) and requires the child to attend school as a condition of probation, to monitor the child's school attendance and report to the court if the child is voluntarily absent from school.

SECTION 6.03. Makes application of this article prospective.

SECTION 6.04. Provides that this article takes effect September 1, 1993.

ARTICLE 7

SECTION 7.01. Amends Title 2, Education Code, by adding Chapter 35, as follows:

CHAPTER 35. PUBLIC SCHOOL SYSTEM ACCOUNTABILITY

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 35.001. PUBLIC EDUCATION GOALS. Sets forth the objective and goals of state support and maintenance of a public education system.

SUBCHAPTER B. ASSESSMENT OF ACADEMIC SKILLS

Sec. 35.021. ESSENTIAL SKILLS AND KNOWLEDGE. (a) Requires the board, by rule, to create and implement a statewide assessment program to ensure school accountability for student achievement that achieves the goals provided under Section 35.001.

(b) Requires the board, before adopting rules, to consider the comments of the Legislative Education Board as required under Section 11.24.

Sec. 35.023. ADOPTION AND ADMINISTRATION OF INSTRUMENTS. (a) Requires the agency to adopt criterion-referenced assessment instruments designed to assess competencies in subject areas determined by the board. Requires assessment in reading and mathematics to be annual for all nonexempt pupils in grades three through eight and periodic in other areas as determined by the board.

(b) Requires the agency to also adopt secondary exit-level assessment instruments to assess competencies in subject areas determined by the board. Requires the English language arts section to include the assessment of writing competencies. Requires the board to administer the assessment instruments.

(c) Requires the board to adopt a schedule for the administration of secondary exit-level assessment instruments. Requires each pupil who did not perform satisfactorily on an assessment instrument to be given multiple opportunities to retake the assessment instrument.

(d) Authorizes an assessment instrument to include multiple sets of questions.

(e) Requires the assessment instruments to be designed to include assessment of a student's ability and skills.

(f) Requires the assessment instruments to include assessments of social studies and science not later than the 1994-1995 school year. Authorizes the board to adopt a schedule for the addition of the assessment in phases. Provides that this subsection expires August 31, 1995.

(g) Authorizes the board to adopt one nationally recognized, norm-referenced assessment instrument in reading and mathematics to be administered uniformly in the spring. Sets forth requirements for the norm-referenced assessment instrument.

(h) Requires the agency, not later than the 1994-1995 school year, to adopt end-of-course tests for grades nine through 12 for subjects as defined by the commissioner and the board.

(i) Requires the agency to notify school districts and campuses of the results of assessment instruments at the earliest possible date but not later than the beginning of the subsequent school year.

(j) Provides that the provisions of this section are subject to modification by rules adopted under Section 35.022. Requires each assessment instrument adopted under those rules to be reliable and valid and meet federal requirements for measurement of student progress.

Sec. 35.024. SATISFACTORY PERFORMANCE. (a) Requires the board to determine the level of performance considered satisfactory on the assessment instruments.

(b) Sets forth requirements for an instruction program for students who did not perform satisfactorily on an assessment instrument.

(c) Requires the agency to develop and distribute study guides to assist parents in providing assistance during summer recess to students who do not perform satisfactorily on one or more parts of an assessment instrument. Requires the commissioner to retain a portion of funds allotted under Section 16.152(a) to finance the development and distribution of the study guides and to reduce each district's allotment proportionately.

Sec. 35.025. EXIT-LEVEL PERFORMANCE REQUIRED. (a) Prohibits a student from receiving a high school diploma until the student has performed satisfactorily on the assessment instruments for reading, writing, and mathematics. Requires the board to adopt a schedule for the addition of satisfactory performance on assessment instruments in other subject areas as a requirement for receipt of a high school diploma.

(b) Authorizes a student who has not been given a high school diploma because of a failure to perform satisfactorily on the secondary exit-level assessment instrument for that subject area to retake the assessment instrument each time the assessment is administered.

(c) Requires a student who has been denied a high school diploma under Subsections (a) and (b) and subsequently performs satisfactorily on each secondary exit-level assessment instrument to be issued a high school diploma.

Sec. 35.026. LOCAL OPTION. Authorizes a local district, in addition to the assessment instruments adopted by the agency and administered by the board, to adopt and administer criterion-referenced or norm-referenced assessment instruments, or both, at any grade level. Sets forth requirements for a norm-referenced assessment instrument.

Sec. 35.027. EXEMPTION. (a) Exempts any student who has an impairment or a learning disability that prevents the student from mastering the competencies which the assessment instruments are designed to measure from the requirements of this subchapter.

(b) Requires the board to adopt rules under which a district may determine if a student is eligible for an exemption under this section. Requires the agency to closely monitor compliance with those rules.

(c) Requires the board to adopt rules under which a dyslexic student may utilize procedures to demonstrate the student's mastery of the competencies the assessment instruments are designed to measure.

Sec. 35.028. COMPARISON OF STATE RESULTS TO NATIONAL RESULTS. Requires the state assessment program to obtain nationally comparative results for the subject areas and grade levels for which assessment instruments are adopted under Section 35.023.

Sec. 35.029. MIGRANT WORKERS. (a) Authorizes the board, by rule, to provide alternate dates for the administration of the assessments to a student whose parent or guardian is a migrant worker. Authorizes the alternate dates to be chosen following a consideration of migrant work patterns and afford opportunity for the students to be present when the assessment instruments are administered.

(b) Defines "migrant worker."

Sec. 35.030. CONFIDENTIALITY; PERFORMANCE REPORTS. (a) Requires the board or a local district to ensure the security of the instruments and tests in their preparation, administration, and grading. Provides that meetings held by the board or a local district at which individual assessment instruments or assessment instrument items are discussed or adopted are not open to the public under Article 6252-17, V.T.C.S., and the assessment instruments or assessment instrument items are confidential.

(b) Provides that the results on assessment instruments are confidential and may be made available only to certain persons and the agency as required by this subchapter. Requires, however, overall student performance data to be aggregated and made available to the public at meetings of the governing board of each district. Prohibits the information from containing the names of individual students or teachers. Requires the commissioner to compile the data and report it to the legislature, lieutenant governor, and governor no later than January 1 of each odd-numbered year.

(c) Authorizes a district or the commissioner, in compiling data, to aggregate separately the performance data of students enrolled in a special language program or a special education program.

Sec. 35.031. COST. Requires the cost of preparing, administering, or grading the assessment instruments to be paid from the compensatory aid provided by Section 16.152, and requires each district to bear the cost in the manner described for a reduction in allotments under Section 16.254. Requires the commissioner, if a district does not receive an allocation of compensatory aid, to subtract the cost from the district's other foundation school fund allocations.

Sec. 35.032. BIENNIAL REPORTS. Requires the board to biennially report to the legislature an evaluation of the correlation between student grades and student performance on assessment instruments. Authorizes the report to be included with other reports.

Sec. 35.033. ASSESSMENT INSTRUMENT STANDARDS; CIVIL PENALTY. (a) Prohibits a company or organization from distributing, selling, or grading, the same form of an assessment for more than three school years for the same district. Prohibits a district from using the same form for more than three years.

(b) Requires a company or organization that grades an assessment instrument to report the results to the district and the agency by campus and district and in comparison to state and national averages, unless otherwise requested.

(c) Sets forth requirements for computing state and national norms of averages and basing the standardization norms.

(d) Sets forth liability and damages for a company or organization that reports results using national norms that are not calculated in compliance with Subsection (c). Sets forth those persons who may bring suit to collect damages.

(e) Requires the board to adopt rules for the implementation of this section and for the maintenance of the security of the contents of all assessment instruments.

(f) Defines "assessment instrument."

SUBCHAPTER C. PERFORMANCE INDICATORS

Sec. 35.041. ACADEMIC EXCELLENCE INDICATORS. (a) Requires the board, on the advice of the Legislative Education Board, to adopt a set of indicators of the quality of learning on a campus. Requires the board to biennially review the indicators for the consideration of appropriate revisions.

(b) Requires performance on the indicators to be compared to state-established standards. Requires the degree of change from one school year to the next in performance on each indicator to also be considered. Requires the indicators to be based on information that is disaggregated with respect to race, ethnicity, gender, and socioeconomic status and to include the indicators set forth in this subsection.

(c) Requires performance on the indicator under Subsection (b)(1) to be compared to state standards, required improvement, and comparable improvement. Sets forth the method for determining and definitions for state standards, required improvement, and comparable improvement.

(d) Requires the board to report the status of education in the state as reflected by the indicators to the legislature not later than February 1 of each odd-numbered year.

(e) Requires the commissioner to annually define certain performances for each indicator included under Subsections (b)(1)-(6) and to project the standards for each of those levels of performance for succeeding years.

Sec. 35.042. PERFORMANCE REPORT. (a) Sets forth requirements for an annual report to be published by each board of directors describing the educational performance of the district and of each campus in the district.

(b) Requires the board of trustees to hold a hearing for public discussion of the report and notify property owners and parents in the district of the hearing. Requires the report to be widely disseminated within the district after the hearing.

(c) Requires the report to also include a comparison provided by the agency of certain performances of districts and campuses.

(d) Sets forth information the report may include.

(e) Requires the board, by rule, to authorize the combination of this report with other reports and financial statements and to restrict the number and length of reports that districts, district employees, and campuses are required to prepare.

(f) Requires the report to include a statement of the amount of the district's unencumbered surplus fund balance as of a certain date and the percentage of the preceding year's budget that the surplus represents.

Sec. 35.043. CAMPUS REPORT CARD. (a) Requires the agency, each school year, to prepare and distribute to each district a report card for each campus. Sets forth requirements for the cards.

(b) Sets forth information to be included on the report card where applicable.

(c) Requires the commissioner to adopt rules for requiring dissemination of campus report cards annually to the parent or person standing in parental relation to each student at the campus. Requires the district to provide a copy of a campus report card to any other party on written request.

Sec. 35.044. USES OF PERFORMANCE REPORT. Sets forth the information to be reported under Section 35.042.

SUBCHAPTER D. ACCREDITATION STATUS

Sec. 35.061. ACCREDITATION REQUIRED. Requires each district to be accredited by the agency.

Sec. 35.062. ACCREDITATION STANDARDS. (a) Requires the board to adopt rules for the accreditation of districts. Requires the rules to include criteria to evaluate the performance of districts and to assign to districts one of the performance ratings described in this subsection.

(b) Requires the academic excellence indicators adopted under Sections 35.041(b)(1)-(6) to be the main consideration of the agency in the rating of the district. Authorizes additional criteria in the accreditation rules to include consideration of factors set forth in this subsection.

(c) Requires the agency to evaluate against state standards and report the performance of each campus in a district on the basis of the campus's performance on the indicators adopted under Sections 35.041(b)(1)-(6).

Sec. 35.063. DETERMINING ACCREDITATION STATUS. (a) Requires the CEA to annually review the performance of each district and campus on the indicators adopted under Sections 35.041(b)(1)-(6) and determine if a change in the accreditation status of the district is warranted.

(b) Requires each annual review to include an analysis of the indicators under Sections 35.041(b)(1)-(6) to determine district and campus performance in relation to certain standards and factors.

(c) Provides that a district's accreditation rating may be raised or lowered based on the district's performance or may be lowered based on the unacceptable performance of one or more campuses in the district.

(d) Requires the State Board of Education to make optimum use of the agency's public education information management system to minimize the written reporting requirements of school districts.

(e) Requires the commissioner, beginning not later than the 1993-1994 school year, to notify a district that is rated accredited warned and the performance of the district or a campus in the district is below each standard and to require the district to notify property owners and parents in the district of the lowered accreditation rating and its implication.

Sec. 35.064. ON-SITE INVESTIGATIONS. (a) Authorizes the commissioner to direct the CEA to conduct on-site investigations at any time and to raise or lower the accreditation rating as a result of the investigation.

(b) Requires the commissioner to determine the frequency of on-site investigations by the CEA according to annual comprehensive analyses of student performance and equity in relation to the academic excellence indicators adopted under Section 35.041.

(c) Requires the investigators, in making an on-site accreditation investigation, to obtain information from certain parties. Prohibits the investigation from being closed until information is obtained from each of the sources. Requires the State Board of Education to adopt rules for obtaining information from certain sources.

(d) Requires the CEA to give written notice to the superintendent and trustees of any impending investigation of the district's accreditation.

(e) Provides that the CEA may conduct on site-evaluations on individual campuses within a district that are indicated to have low performance on one or more of the indicators under Section 35.041.

(f) Requires the investigators to report orally and in writing to the district's board of trustees and, as appropriate, to campus administrators and to make recommendations concerning any necessary improvements or sources of aid such as regional service centers.

Sec. 35.065. SPECIAL ACCREDITATION INVESTIGATIONS. (a) Requires the commissioner to authorize special accreditation investigations under certain circumstances.

(b) Authorizes the commissioner, based on the results of a special accreditation investigation, to lower the district's accreditation rating and to take appropriate action under Subchapter G.

Sec. 35.066. AGENCY ASSISTANCE. Requires the CEA to provide assistance to districts which have been found to have difficulty meeting accreditation standards.

SUBCHAPTER E. SUCCESSFUL SCHOOLS AWARDS

Sec. 35.081. CREATION OF SYSTEM. Provides for the creation of the Texas Successful Schools Awards System to recognize and reward those schools and school districts that demonstrate progress or success in achieving the education goals of the state.

Sec. 35.082. TYPES OF AWARDS. (a) Authorizes the governor to present a financial award to the schools or districts that the commissioner determines have demonstrated the highest levels of sustained success or the greatest improvement in achieving the education goals. Provides for the amount of the award.

(b) Authorizes the governor to present proclamations or certificates to additional schools and districts determined to have met or exceeded the education goals.

(c) Authorizes the commissioner to establish additional categories of awards and award amounts for a school or district determined to be successful under this section that are contingent on the school's or district's involvement with paired, lower-performing schools.

Sec. 35.083. AWARDS. (a) Requires the criteria which the commissioner uses to select successful schools to be related to the goals in Section 35.001 and include consideration of performance on the academic excellence indicators adopted under Section 35.041. Requires each school's performance to be compared to state standards and to its previous performance.

(b) Requires the commissioner to select annually schools and districts qualified to receive successful school awards for their performance and report the selections to the governor and the State Board of Education.

(c) Requires the CEA to notify each school district of the manner in which the district or a school in the district may qualify for a successful school award.

Sec. 35.084. USE OF AWARDS. (a) Requires a school or district to give priority to academic enhancement purposes in determining the use of a monetary award received under this subchapter. Prohibits the award from being used for any purpose related to athletics or to substitute for or replace funds already in the regular budget for a school or district.

(b) Requires the school committee established under Section 21.931 to determine the use of the funds awarded to a school under this subchapter. Requires the professional staff to determine the use of the funds awarded to the school district under this subchapter.

Sec. 35.085. FUNDING. Provides that the award system may be funded by donations, grants, or legislative appropriations. Authorizes the commissioner to solicit and receive grants and donations for the purpose of making awards under this subchapter. Provides that a small portion of the award funds may be used by the commissioner to pay for the costs associated with sponsoring a ceremony to recognize or present awards to schools or districts. Requires the donations, grants, or appropriations to be accounted for and distributed by the CEA and provides that the awards are subject to audit requirements established by the State Board of Education.

Sec. 35.086. CONFIDENTIALITY. Provides that all information and reports received by the commissioner under this subchapter from schools or districts deemed confidential under the open records law are confidential and may not be disclosed in any public or private proceeding.

SUBCHAPTER F. ADDITIONAL REWARDS

Sec. 35.101. RECOGNITION AND REWARDS. Requires the State Board of Education to develop a plan for recognizing and rewarding districts and campuses that are rated as exemplary or recognized and for developing a network for sharing proven successful practices statewide and regionally.

Sec. 35.102. EXCELLENCE EXEMPTIONS. (a) Provides that a district or campus that is rated exemplary is exempt from requirements and prohibitions imposed under this code including rules adopted under this code, except as provided by Subsection (b).

(b) Provides requirements and prohibitions from which a district or campus is not exempt under this section.

(c) Requires the CEA to monitor and evaluate deregulation of a campus or district under this section and Section 11.273 and report annually on the effect of deregulation on student achievement to the State Board of Education, the Legislative Education Board, the governor, lieutenant governor, the speaker of the house, and the legislature. Requires the report to include a list of the exemptions utilized and a review of the effectiveness of the waivers and exemptions programs.

(d) Authorizes the commissioner to exempt an exemplary campus from elementary class size limits under this section if the campus submits to the commissioner a written plan showing steps that will be taken to ensure that the exemption will not be harmful to the academic achievement of the students on the campus. Requires the commissioner to review achievement levels annually. Provides that the exemption remains in effect until the commissioner determines that achievement levels of the campus have declined.

SUBCHAPTER G. ACCREDITATION SANCTIONS

Sec. 35.121. SANCTIONS. (a) Requires the commissioner to impose certain specific sanctions if a district does not satisfy the accreditation criteria.

(b) Authorizes the commissioner to take certain actions if a campus is considered a low-performing campus.

(c) Provides for annual reviews of districts and campuses subject to this section and for state intervention in those districts and campuses. Requires the commissioner to report annually to the governor, lieutenant governor, and speaker of the house on districts and campuses subject to this section the actions taken by the commissioner to improve student performance and the results of those actions.

(d) Requires the costs of providing a monitor, master, management team, or special campus intervention team to be paid by the district.

(e) Requires a master or management team appointed to oversee the operations of a district to prepare a plan for implementation of action.

(f) Provides for the composition of a special campus intervention team.

(g) Provides that the powers of the board of trustees are suspended for the period in which the commissioner appoints a board of managers to govern a district and requires the commissioner to appoint a district superintendent. Authorizes the board of management, notwithstanding any other provision of this code, to amend the budget of the district.

(h) Provides that the powers of the board of trustees relative to a campus is suspended for the period in which the commissioner appoints a board of managers to govern a campus and requires the commissioner to appoint a campus principal. Authorizes the board of management, notwithstanding any other provision of this code, to submit to the commissioner for approval amendments to the budget of the district for the benefit of the campus. Requires the board of trustees of the district to adopt the amendments if the commissioner approves them.

SECTION 7.02. Amends Section 11.273, Education Code, by amending Subsection (e) and adding Subsection (h), as follows:

(e) Makes conforming changes.

(h) Authorizes the commissioner to grant to a district or campus that is required to develop and implement a student achievement improvement plan an exemption or waiver from any law or rule, with exceptions.

SECTION 7.03. Amends Section 11.62, Education Code, to make conforming changes relative to the powers of the commissioner of education.

SECTION 7.04. Amends Section 13.351, Education Code, by adding Subsection (c), to establish additional duties of a superintendent.

SECTION 7.05. Amends Subsections (a), (b), and (d), Section 19.027, Education Code, to make conforming changes.

SECTION 7.06. Amends Section 21.557(f), Education Code, to make conforming changes.

SECTION 7.07. Amends Section 21.930, Education Code, by adding Subsection (h), to require the professional staff elected to participate in the district-level decision process to hold at least one public meeting per year. Requires the meeting to be held after receipt of the annual district performance report from the CEA for the purpose of discussing the performance of the district and the district performance objectives.

SECTION 7.08. Amends Section 21.931, Education Code, by adding Subsection (g), to require each school [site-based decision making] committee to hold at least one public meeting per year. Requires the meeting to be held after receipt of the annual district performance report from the CEA for the purpose of discussing the performance of the district and the district performance objectives.

SECTION 7.09. Amends Section 23.33(a), to require the State Board of Education to adopt statewide standards for the duties of a school board member as criteria for board member training.

SECTION 7.10. Requires the Educational Economic Policy Center to monitor and evaluate the implementation of the accountability system set forth in this Act and provide annual progress reports to the governor, Legislative Education Board, and the commissioner.

SECTION 7.11. (a) Provides for the establishment of the Select Committee to Conduct a Comprehensive Review of the Central Education Agency and efficient use of educational resources in the state (committee).

(b) Provides the composition of the committee.

(c) Provides that the chairs of the Senate Education Committee and the House Public Education Committee serve as co-chairs of the committee.

(d) Requires the committee to conduct an in-depth and comprehensive review of the mission, organization, size, and effectiveness of the CEA. Requires the committee, in conducting its review, to study the mission, organizational structure, and practices of similar agencies in other states. Requires the review to include certain elements.

(e) Requires the commissioner to ensure that the committee has access to any documentation and agency personnel the committee requests.

(f) Requires committee meetings to be held at the call of the co-chairs.

(g) Provides that a majority of the members of the committee constitute a quorum.

(h) Requires the committee, not later than December 1, 1994, to issue a report stating the findings of its review under this section, including any recommendations for statutory changes. Requires the report to be approved by a majority of the committee. Authorizes any dissenting member to attach a statement to the report.

(i) Requires staff members of the Senate Education Committee and the House Public Education Committee to serve as the staff of the committee.

(j) Requires the LBB, comptroller, state auditor, and other state agencies, officials, and personnel to cooperate with the committee in carrying out its duties under this section.

(k) Provides for expense reimbursement for committee members.

(l) Authorizes the committee to coordinate its study with any other legislative study.

(m) Provides that the committee expires January 10, 1995.

SECTION 7.12. Repeals the following provisions of the Education Code:

Sec. 2.01 (Public Education in General; Goals for Public Education);
Sec. 11.272 (Excellence Exemptions);
Sec. 21.258 (Performance Report);
Sec. 21.551 (Adoption and Administration of Instruments);
Sec. 21.552 (Satisfactory Performance);
Sec. 21.553 (Exit Level Performance Required);
Sec. 21.554 (Local Option);
Sec. 21.555 (Exemption);
Sec. 21.556 (Confidentiality; Performance Reports);
Sec. 21.558 (Cost);
Sec. 21.559 (Comparison of State Results to National Results);
Sec. 21.560 (Assessment Instrument Standards; Civil Penalty);
Sec. 21.561 (Biennial Report);
Sec. 21.751 (Accreditation Required);
Sec. 21.752 (Master);
Sec. 21.753 (Accreditation Standards);
Sec. 21.7531 (Academic Excellence Indicators);
Sec. 21.754 (Investigations);
Sec. 21.755 (Investigators' Report);
Sec. 21.756 (Agency Assistance);
Sec. 21.757 (Sanctions);
Sec. 21.758 (State-Operated School District); and
Chapter 34A (Texas Successful Schools Award System).

SECTION 7.13. Amends Section 21.9211, Education Code, by amending Subsection (e) and adding Subsections (g) and (h), as follows:

(e) Adds the governor and the legislature to the entities to which the advisory council (council) of the University Interscholastic League (UIL) is to make recommendations relating to the rules of the UIL. Requires the council to submit its initial report no later than January 1, 1995.

(g) Requires the council to study certain matters.

(h) Prohibits any actions of the UIL relating to the provision of additional programs of school districts to be taken pending submission of a final report by the council.

SECTION 7.14. Provides that this article takes effect immediately and applies beginning with the 1993-1994 school year.

ARTICLE 8

SECTION 8.01. Amends Chapter 21Z, Education Code, by adding Section 21.938, as follows:

Sec. 21.938. DISTRICT AND CAMPUS PLANNING PROCESS. (a) Requires the board of trustees of each school district to develop a district and campus planning process under which the board will adopt a report detailing a plan for the district and plans for each campus.

(b) Requires each district's report to include certain information.

(c) Requires the board to address any federal planning requirements.

(d) Requires the district to make the report available to the CEA on request.

SECTION 8.02. Amends Section 12.65(f), Education Code, to make a nonsubstantive change.

SECTION 8.03. Amends Section 12.67(a), to delete the requirement that a transaction between a school district employee and a textbook publisher be registered with the commissioner.

SECTION 8.04. Amends Section 21.601, Education Code, by deleting Subsection (b), which authorized certain districts to cooperate in establishing a common school-community guidance center.

SECTION 8.05. Amends Section 21.701, Education Code, to make a conforming change.

SECTION 8.06. Amends Section 21.702, Education Code, to make a nonsubstantive change.

SECTION 8.07. Amends Section 21.926, Education Code, to delete requirements that certain information be posted in each school in a district.

SECTION 8.08. Repeals the following sections of the Education Code:

Sec. 11.2051 (Family Life or Self-Responsibility Education Data);

Sec. 12.67(c) (requiring the State Board of Education to adopt rules for the registration of transactions between school employees and textbook publishers);

Sec. 14.065 (Technology Plan);

Sec. 21.034 (Reports);

Sec. 21.1111(d) (requiring the instructors and materials utilized in certain vocational classes to be subject to the approval of the Central Education Agency);

Sec. 21.253 (Registration Card);

Sec. 21.301(o) (authorizing two or more districts to jointly operate a community-based alternative school);

Sec. 21.557(d) (requiring each district to submit an annual report to the commissioner which describes how compensatory and remedial education are provided by campus);

Sec. 21.654 (Program Approval); and

Sec. 21.909(d) (requiring a school principal to make a full written report to the State Department of Education whenever an accident occurs during certain vocational courses that involves an injury to the eye of a teacher or pupil).

SECTION 8.09. Amends Section 13.037(c), Education Code, to delete the requirement that the CEA collect and maintain teacher performance data from each district's implementation of the statewide appraisal system. Makes a conforming change.

SECTION 8.10. Amends Section 13.103, Education Code, to require a board of trustees to notify any teacher holding a probationary contract not later than the 60th day before the last day of instruction required that the teacher's employment will be terminated.

SECTION 8.11. Amends the title to Chapter 13E, Education Code, to make a conforming change to read as follows:

SUBCHAPTER E. TEACHER APPRAISAL

SECTION 8.12. Amends Sections 13.302(a), (c), and (f), Education Code, to make conforming and nonsubstantive changes.

SECTION 8.13. Amends Section 13.303, Education Code, by amending Subsections (a) and (c) and adding Subsection (d), as follows:

(a) Makes a conforming changes.

(c) Requires appraisals to be done at least once during each school year. Requires a district to maintain a written copy of the evaluation of each teacher's performance in the teacher's personnel file. Provides that each teacher is entitled to receive a written copy of the evaluation and to a second appraisal by a different appraiser or to submit a written rebuttal to the evaluation to be attached to the evaluation. Provides that the evaluation and any rebuttal may be given to another district at which the teacher has applied for employment at the request of that district.

(d) Provides that a teacher may be given advance notice of the date or time of an appraisal.

SECTION 8.14. Amends Section 13.304, Education Code, to make conforming changes.

SECTION 8.15. Amends Chapter 16B, Education Code, by adding Section 16.058, as follows:

Sec. 16.058. SALARY OF TEACHER FORMERLY ON CAREER LADDER. (a) Provides that a teacher who was assigned to a career ladder level under Chapter 13E on August 31, 1993, is entitled to receive in subsequent school years, as long as the teacher is employed by the same district, a minimum salary equal to the teacher's base salary plus the teacher's career ladder supplement in the 1992-1993 school year.

(b) Defines "base salary."

SECTION 8.16. Amends Section 21.112(e), Education Code, to delete the requirement that a competency profile be maintained for each student enrolled.

SECTION 8.17. Amends Section 21.204(a), Education Code, to make a conforming change.

SECTION 8.18. Amends Section 822.201(b), Government Code, to make conforming changes.

SECTION 8.19. Amends Section 825.405(b), Government Code, to make conforming changes.

SECTION 8.20. Repeals the following sections of the Education Code:

Sec. 12.61(a) (requiring teachers to report maximum attendance);
Sec. 13.301 (Career Ladder);
Sec. 13.305 (Classes of Teaching Certificates);
Sec. 13.306(b) (relating to performance required of a teacher during a probationary year);
Sec. 13.307 (Level One Entry);
Sec. 13.308 (Level Two Entry);
Sec. 13.309 (Level Three Entry);
Sec. 13.310 (Level Four Entry);
Sec. 13.3101 (Ineffective);
Sec. 13.311 (Level Four Maintenance);
Sec. 13.312 (Level Two or Three Maintenance);
Sec. 13.313 (Reassignment of Duties);
Sec. 13.314 (Out-of-State Teachers Entering Career Ladder Program);
Sec. 13.315 (Higher Education Course Work and Advanced Academic Training);
Sec. 13.316 (Master Teacher Comprehensive Examination);
Sec. 13.317 (Master Teacher Duties);
Sec. 13.319 (Finality of District Decision);
Sec. 13.320 (Not Property Right);
Sec. 13.321 (Transfer Between Districts);
Sec. 13.322 (Credit Retained);
Sec. 13.323 (Effect on Other Rights); and
Sec. 21.251(c) (requiring a teacher to make monthly reports).

SECTION 8.21. Amends Sections 13.353(a) and (e), Education Code, as follows:

(a) Provides that each in-service training program offered by a district may be one adopted by the State Board of Education or one approved by the board of trustees. Requires the program to include management training in site-based decision making.

(e) Authorizes, rather than requires, the CEA to allocate an amount each year for in-service training. Deletes the requirement that the manner in which such funds are utilized be reported annually to the commissioner.

SECTION 8.22. Amends Section 13.354(d), Education Code, to authorize, rather than require, each district to use the appraisal process and performance criteria developed by the board in evaluating the performance of an administrator.

SECTION 8.23. Repeals the following sections of the Education Code:

Sec. 12.64 (Bond); and
Sec. 13.354(c) (relating to the development of an appraisal process for administrators).

SECTION 8.24. Amends Section 21.165(d), Education Code, to delete the requirement that the commissioner, in addition to a district's board of trustees, approve the purchase of motor vehicles, buses, bus bodies, and bus chassis.

SECTION 8.25. Amends Sections 21.174(c) through (i), Education Code, relating to the purchase and lease of motor vehicles for the transport of school children.

SECTION 8.26. Amends Section 19.051(a), Education Code, to make conforming changes.

SECTION 8.27. Reenacts and amends Section 21.041, Education Code, as follows:

Sec. 21.041. ABSENCES. (a) Requires a student to be in attendance for at least 90 percent of the days a class is offered to receive credit for the class.

(b) Makes conforming changes.

SECTION 8.28. Amends Sections 21.458(a), (b), (e), and (f), Education Code, as follows:

(a) Requires a school that operates on a two-semester system to offer the required bilingual or special language summer program for children entering kindergarten or first grade during the period school is recessed for the summer. Requires a school that operates on any other system to offer 120 hours of instruction on a schedule the board of trustees of the district establishes.

(b) Requires the program to be offered for one-half day for eight weeks in a district that operates on a two-semester system.

(e) and (f) Make nonsubstantive changes.

SECTION 8.29. Amends Section 21.3011(b), Education Code, to provide that a student may be removed from class and expelled without resort to an alternative education program if the student engages in conduct that contains the elements of the offense of public lewdness under the Penal Code.

SECTION 8.30. Amends Article 6252-17a, V.T.C.S., to make a nonsubstantive change.

SECTION 8.31. Amends Section 5(a), Article 6687b, V.T.C.S., to provide that the provisions of this subsection relating to certification of a bus driver do not apply to the operation of a vehicle owned by a public institution of higher education to transport students of a school district that operates within that institution if certain conditions are met.

SECTION 8.32. Repeals the following provisions of the Education Code:

Sec. 21.008 (Semester System);
Sec. 21.132 (Petition and Election);
Sec. 21.133 (Establishment);
Sec. 21.134 (Subsequent Elections);
Sec. 23.993 (Minimum ADA);
Sec. 23.994 (Use Restricted); and
Sec. 23.999 (Consolidation of County-Line Districts).

SECTION 8.33. Repeals the following provisions of the Education Code, effective September 1, 1995:

Title 1 (General Provisions) and
Title 2 (Public Schools) except Chapters 16, 20, and 36.

SECTION 8.34. Requires the commissioner, not later than June 1, 1994, to submit to the legislature a proposed revision of Education Code provisions repealed by Section 8.33 of this article.

SECTION 8.35. Abolishes the Central Education Agency effective September 1, 1995.

SECTION 8.36. Effective date, this article: September 1, 1993.

ARTICLE 9

SECTION 9.01. (a) Effective date: upon passage, except as otherwise provided.

(b) Provides that this Act applies to taxes imposed on or after January 1, 1993.

SECTION 9.02. Emergency clause.